

109TH CONGRESS  
2D SESSION

# S. 3902

To provide for education competitiveness.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 14, 2006

Mr. BAUCUS introduced the following bill; which was read twice and referred  
to the Committee on Finance

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## A BILL

To provide for education competitiveness.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Education Competi-  
5 tiveness Act of 2006”.

### 6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

Sec. 3. Definitions.

#### TITLE I—EDUCATION TRUST FUND

Sec. 101. Education Trust Fund.

#### TITLE II—TEACHING COMPETITIVENESS

Sec. 201. Findings.

Sec. 202. Future Early Childhood Education Teacher Scholarships.

- Sec. 203. Future Science, Technology, Engineering, and Mathematics Teacher Scholarships.
- Sec. 204. Future Master Science, Technology, Engineering, and Mathematics Teacher Scholarships.
- Sec. 205. Future Critical Language Teacher Scholarships.
- Sec. 206. Assisting teachers in rural or underserved areas.
- Sec. 207. Advanced Placement and International Baccalaureate Programs.

### TITLE III—COMMITTING TO COMPETITIVENESS EARLY BY SUPPORTING UNIVERSAL VOLUNTARY PREKINDERGARTEN

- Sec. 301. Findings.
- Sec. 302. Universal voluntary prekindergarten by 2020.
- Sec. 303. Prekindergarten through grade 16 (PK–16) collaboratives.
- Sec. 304. Advancing early childhood education teacher qualifications.

### TITLE IV—ENCOURAGING ENRICHMENT ACTIVITIES BY SUPPORTING MIDDLE SCHOOLS AND SECONDARY SCHOOLS

- Sec. 401. Findings.
- Sec. 402. Advancing knowledge with internships and summer programs.
- Sec. 403. Insight, Partnership, and Initiative Grants.

### TITLE V—COMMITTING TO EDUCATION FOR A COMPETITIVE ECONOMY

- Sec. 501. Findings.
- Sec. 502. Summer science and engineering institutes.
- Sec. 503. Specialty science and mathematics secondary schools.
- Sec. 504. Science, technology, engineering, and mathematics for tomorrow program established.
- Sec. 505. Federal Pell Grants.
- Sec. 506. Research grants for early career scientists.

### TITLE VI—RESTORING OUR COMMITMENT TO INDIAN EDUCATION

- Sec. 601. Findings.
- Sec. 602. Johnson-O'Malley grants.
- Sec. 603. Appropriations for Indian higher education.
- Sec. 604. Language immersion programs.

### TITLE VII—LIFE LONG LEARNING

- Sec. 701. Findings.
- Sec. 702. Job skill training partnerships.
- Sec. 703. Small business innovation partnerships.
- Sec. 704. Job skill training authorization of appropriations.
- Sec. 705. Distance learning.

### TITLE VIII—EDUCATION TAX INCENTIVES

- Sec. 800. Findings.

#### Subtitle A—Benefits for Current Expenses

- Sec. 801. Refundable higher education credit.

Sec. 802. Increased repayment period for higher education loans from qualified retirement plans.

Sec. 803. Increased employer provided educational assistance.

Sec. 804. Above-the-line deduction for certain expenses of elementary and secondary school teachers.

#### Subtitle B—Benefits for Future Expenses

Sec. 811. Young Savers Accounts.

#### Subtitle C—Benefits for Past Expenses

Sec. 821. Increased deduction for student loan interest.

#### Subtitle D—Other Tax Incentives

Sec. 831. Extension of QZABs and expansion to financing certain postsecondary institutions.

Sec. 832. Additional standard deduction for real property taxes for non-itemizers.

Sec. 833. Extension and expansion of charitable contribution allowed for scientific property used for research and for computer technology and equipment used for educational purposes.

Sec. 834. Modification of charitable deduction for contributions of book inventory.

### 1 **SEC. 3. DEFINITIONS.**

2 Unless otherwise specified in this Act, the terms used  
3 in this Act have the meanings given the terms in section  
4 9101 of the Elementary and Secondary Education Act of  
5 1965 (20 U.S.C. 7801).

## 6 **TITLE I—EDUCATION TRUST** 7 **FUND**

### 8 **SEC. 101. EDUCATION TRUST FUND.**

9 (a) CREATION OF TRUST FUND.—There is estab-  
10 lished in the Treasury of the United States a trust fund  
11 to be known as the “Education Trust Fund”, consisting  
12 of such amounts as may be appropriated or credited to  
13 the Education Trust Fund.

1 (b) RULES REGARDING TRANSFERS TO AND MAN-  
 2 AGEMENT OF EDUCATION TRUST FUND.—For purposes  
 3 of this section, rules similar to the rules of sections 9601  
 4 and 9602 of the Internal Revenue Code of 1986 shall  
 5 apply.

6 (c) DISTRIBUTION OF AMOUNTS IN EDUCATION  
 7 TRUST FUND.—Amounts in the Education Trust Fund  
 8 shall be available, as provided by appropriation Acts, for  
 9 making expenditures before October 1, 2011, to meet  
 10 those obligations of the United States heretofore or here-  
 11 after incurred which are authorized under this Act.

## 12 **TITLE II—TEACHING** 13 **COMPETITIVENESS**

### 14 **SEC. 201. FINDINGS.**

15 Congress finds the following:

16 (1) Teachers are responsible for educating the  
 17 future workforce.

18 (2) There is a teacher shortage in many places  
 19 across the United States.

20 (3) We must prepare teachers to educate to-  
 21 morrow's leaders.

### 22 **SEC. 202. FUTURE EARLY CHILDHOOD EDUCATION TEACH-** 23 **ER SCHOLARSHIPS.**

24 (a) PURPOSE.—The purpose of this section is to in-  
 25 crease the number and percentage of citizens of the United

1 States who earn baccalaureate degrees in early childhood  
2 education by—

3 (1) providing 25,000 new competitive merit-  
4 based undergraduate scholarships to students who  
5 are citizens of the United States, for the purpose of  
6 enabling each such student to obtain a baccalaureate  
7 degree in early childhood education at an institution  
8 of higher education; and

9 (2) by assisting institutions of higher education  
10 in expanding and improving the teacher education  
11 programs offered by the institutions.

12 (b) SCHOLARSHIPS.—

13 (1) IN GENERAL.—From the amounts author-  
14 ized under subsection (h), the Secretary shall award  
15 scholarships to eligible students that shall be used  
16 by the eligible students to pay for qualifying ex-  
17 penses at the institution of higher education of the  
18 eligible students' choosing.

19 (2) FUTURE EARLY CHILDHOOD EDUCATION  
20 TEACHER SCHOLARSHIPS.—A scholarship awarded  
21 under this subsection shall be known as a “Future  
22 Early Childhood Education Teacher Scholarship”.

23 (3) AWARD BASIS.—In awarding scholarships  
24 under this section, the Secretary shall give pref-  
25 erence to students who agree to satisfy the teaching

1 requirement under paragraph (5) by teaching in a  
2 low- or middle-income school or a rural school.

3 (4) AMOUNT; DURATION.—

4 (A) AMOUNT.—A scholarship award under  
5 this subsection shall be in an amount of not  
6 more than the average cost of attendance, as  
7 such term is defined in section 472 of the High-  
8 er Education Act of 1965 (20 U.S.C. 10877ll),  
9 for a student attending a teacher preparation  
10 program at an institution of higher education in  
11 the State, as determined by the Secretary, in  
12 consultation with the State and the State pre-  
13 kindergarten through grade 16 leadership col-  
14 laborative described in section 303, if applica-  
15 ble.

16 (B) DURATION OF SCHOLARSHIP.—A  
17 scholarship awarded to an eligible student  
18 under this subsection shall be for the number of  
19 years necessary for the eligible student to earn  
20 a baccalaureate degree in early childhood edu-  
21 cation on a full-time or part-time basis, except  
22 that—

23 (i) in the case of a student pursuing  
24 a baccalaureate degree on a full-time basis,  
25 a scholarship under this subsection shall be

1                   awarded for a period of not more than 4  
2                   years; and

3                   (ii) in the case of a student pursuing  
4                   a baccalaureate degree on a part-time  
5                   basis, a scholarship under this subsection  
6                   shall be awarded for a period of not more  
7                   than 6 years.

8                   (5) TEACHING REQUIREMENT.—Each eligible  
9                   student awarded a scholarship under this subsection  
10                  shall enter into an agreement with the Secretary  
11                  under which the eligible student agrees—

12                  (A) to teach early childhood education for  
13                  a period of 4 school years following receipt of  
14                  the baccalaureate degree for which the scholar-  
15                  ship was awarded; or

16                  (B) to work in employment that improves  
17                  education, as determined by the Secretary pur-  
18                  suant to regulations, for a period of 4 years fol-  
19                  lowing receipt of such degree.

20                  (6) SCHOLARSHIP REPAYMENT PROVISIONS.—A  
21                  recipient of a scholarship under this section who is  
22                  determined by the Secretary to violate the agreement  
23                  entered into under paragraph (5) shall be required  
24                  to repay a pro rata amount of the scholarship award  
25                  received, plus interest, on a schedule and at a rate

1 of interest to be prescribed by the Secretary pursu-  
2 ant to regulations promulgated under this sub-  
3 section.

4 (c) GRANTS.—

5 (1) PROGRAM AUTHORIZED.—From the  
6 amounts authorized under subsection (e), the Sec-  
7 retary shall award grants to eligible institutions of  
8 higher education to enable the eligible institutions to  
9 expand and improve the teacher preparation pro-  
10 grams of the eligible institutions.

11 (2) APPLICATION.—

12 (A) IN GENERAL.—An eligible institution  
13 of higher education desiring a grant under this  
14 subsection shall submit an application to the  
15 Secretary at such time, in such manner, and  
16 containing such information as the Secretary  
17 may require.

18 (B) CONTENTS.—The application de-  
19 scribed in subparagraph (A) shall include a de-  
20 scription of the accountability measures that  
21 the eligible institution of higher education will  
22 use to evaluate the effectiveness of the teacher  
23 preparation program assisted by a grant under  
24 this section.



1           (3) REPORT.—Not later than 60 days after the  
 2           last day of a grant under this subsection, an eligible  
 3           institution of higher education receiving a grant  
 4           under this subsection shall prepare and submit to  
 5           the Secretary a report describing the results of the  
 6           grant, using the accountability measures described  
 7           in paragraph (2)(B).

8           (4) DEFINITION OF ELIGIBLE INSTITUTION OF  
 9           HIGHER EDUCATION.—In this section, the term “eli-  
 10          gible institution of higher education” means an insti-  
 11          tution of higher education that offers a teacher prep-  
 12          aration program that satisfies the requirements for  
 13          teacher licensure or certification in a State.

14          (d) DEFINITIONS.—In this section:

15               (1) ELIGIBLE STUDENT.—The term “eligible  
 16               student” means a student who—

17                       (A) is a citizen of the United States;

18                       (B) is attending an institution of higher  
 19               education;

20                       (C) is enrolled, or will be enrolled at the  
 21               start of the next academic year, in a course of  
 22               study at an institution of higher education that  
 23               leads to a baccalaureate degree in early child-  
 24               hood education;

1 (D) demonstrates aptitude, as determined  
 2 by the Secretary, in early childhood education;  
 3 or

4 (E) for each year of a scholarship under  
 5 this section, demonstrates continued academic  
 6 achievement and progress, as determined by the  
 7 Secretary, toward completion of a baccalaureate  
 8 degree in early childhood education.

9 (2) INSTITUTION OF HIGHER EDUCATION.—The  
 10 term “institution of higher education” has the  
 11 meaning given the term in section 101(a) of the  
 12 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

13 (3) QUALIFIED EXPENSES.—The term “quali-  
 14 fied expenses” means the tuition, books, fees, sup-  
 15 plies, and equipment required for a course of in-  
 16 struction leading to a baccalaureate degree in early  
 17 childhood education at an institution of higher edu-  
 18 cation of the eligible student’s choosing.

19 (4) SECRETARY.—The term “Secretary” means  
 20 the Secretary of Education.

21 (e) AUTHORIZATION OF APPROPRIATIONS.—

22 (1) IN GENERAL.—There are authorized to be  
 23 appropriated to carry out this section—

24 (A) \$375,000,000 for fiscal year 2007;

25 (B) \$750,000,000 for fiscal year 2008;

1 (C) \$1,125,000,000 for fiscal year 2009;

2 and

3 (D) \$1,500,000,000 for each of the fiscal

4 years 2010 and 2011.

5 (2) DISTRIBUTION.—From the amounts appro-

6 priated under paragraph (1) for a fiscal year, the

7 Secretary shall use—

8 (A) not less than 98 percent of such

9 amounts to award scholarships under sub-

10 section (b) for the fiscal year; and

11 (B) not more than 2 percent of such

12 amounts to award grants under subsection (c)

13 for the fiscal year.

14 **SEC. 203. FUTURE SCIENCE, TECHNOLOGY, ENGINEERING,**

15 **AND MATHEMATICS TEACHER SCHOLAR-**

16 **SHIPS.**

17 (a) PURPOSE.—The purpose of this section is to in-

18 crease the number and percentage of citizens of the United

19 States who earn baccalaureate degrees in science, tech-

20 nology, engineering, or mathematics by providing 25,000

21 new competitive merit-based undergraduate scholarships

22 to students who are citizens of the United States, for the

23 purpose of enabling each such student to obtain a bacca-

24 laurate degree in science, technology, engineering, or

25 mathematics at an institution of higher education.

1 (b) SCHOLARSHIPS.—

2 (1) IN GENERAL.—From the amounts author-  
 3 ized under subsection (h), the Secretary shall award  
 4 scholarships to eligible students that shall be used  
 5 by the eligible students to pay for qualifying ex-  
 6 penses at the institution of higher education of the  
 7 eligible students' choosing.

8 (2) FUTURE MATHEMATICS AND SCIENCE  
 9 TEACHER SCHOLARSHIPS.—A scholarship awarded  
 10 under this section shall be known as a “Future  
 11 Science, Technology, Engineering, or Mathematics  
 12 Teacher Scholarship”.

13 (c) AWARD BASIS.—In awarding scholarships under  
 14 this section, the Secretary shall give preference to students  
 15 who agree to satisfy the teaching requirement under sub-  
 16 section (e) by teaching in a low- or middle-income school  
 17 or a rural school.

18 (d) AMOUNT; DURATION.—

19 (1) AMOUNT.—A scholarship award under this  
 20 section shall be in an amount of not more than the  
 21 average cost of attendance, as such term is defined  
 22 in section 472 of the Higher Education Act of 1965  
 23 (20 U.S.C. 10877ll), for a student attending a bac-  
 24 calaureate degree program in science, technology,  
 25 engineering, or mathematics at an institution of

1 higher education in the State, as determined by the  
 2 Secretary, in consultation with the State.

3 (2) DURATION OF SCHOLARSHIP.—A scholar-  
 4 ship awarded to an eligible student under this sec-  
 5 tion shall be for the number of years necessary for  
 6 the eligible student to earn a baccalaureate degree in  
 7 science, technology, engineering, or mathematics on  
 8 a full-time or part-time basis, except that—

9 (A) in the case of a student pursuing a  
 10 baccalaureate degree on a full-time basis, a  
 11 scholarship under this section shall be awarded  
 12 for a period of not more than 4 years; and

13 (B) in the case of a student pursuing a  
 14 baccalaureate degree on a part-time basis, a  
 15 scholarship under this section shall be awarded  
 16 for a period of not more than 6 years.

17 (e) TEACHING REQUIREMENT.—Each eligible stu-  
 18 dent awarded a scholarship under this section shall enter  
 19 into an agreement with the Secretary under which the eli-  
 20 gible student agrees—

21 (1)(A) to teach science, technology, engineering,  
 22 or mathematics at an elementary school or sec-  
 23 ondary school for a period of 4 school years fol-  
 24 lowing receipt of the baccalaureate degree for which  
 25 the scholarship was awarded; and

1 (B) to meet any teacher training requirements  
2 determined necessary by the State in order to carry  
3 out subparagraph (A); or

4 (2) to work in employment that improves edu-  
5 cation, as determined by the Secretary pursuant to  
6 regulations, for a period of 4 years following receipt  
7 of such degree.

8 (f) SCHOLARSHIP REPAYMENT PROVISIONS.—A re-  
9 cipient of a scholarship under this section who is deter-  
10 mined by the Secretary to violate the agreement entered  
11 into under subsection (e) shall be required to repay a pro-  
12 rata amount of the scholarship award received, plus inter-  
13 est, on a schedule and at a rate of interest to be prescribed  
14 by the Secretary pursuant to regulations promulgated  
15 under this section.

16 (g) DEFINITIONS.—In this section:

17 (1) ELIGIBLE STUDENT.—The term “eligible  
18 student” means a student who—

19 (A) is a citizen of the United States;

20 (B) is attending an institution of higher  
21 education;

22 (C) is enrolled, or will be enrolled at the  
23 start of the next academic year, in a course of  
24 study at an institution of higher education that

1 leads to a baccalaureate degree in science, tech-  
 2 nology, engineering, or mathematics;

3 (D) demonstrates aptitude, as determined  
 4 by the Secretary, in science, technology, engi-  
 5 neering, or mathematics; or

6 (E) for each year of a scholarship under  
 7 this section, demonstrates continued academic  
 8 achievement and progress, as determined by the  
 9 Secretary, toward completion of a baccalaureate  
 10 degree in science, technology, engineering, or  
 11 mathematics.

12 (2) INSTITUTION OF HIGHER EDUCATION.—The  
 13 term “institution of higher education” has the  
 14 meaning given the term in section 101(a) of the  
 15 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

16 (3) QUALIFIED EXPENSES.—The term “quali-  
 17 fied expenses” means the tuition, books, fees, sup-  
 18 plies, and equipment required for a course of in-  
 19 struction leading to a baccalaureate degree in  
 20 science, technology, engineering, or mathematics at  
 21 an institution of higher education of the eligible stu-  
 22 dent’s choosing.

23 (4) SECRETARY.—The term “Secretary” means  
 24 the Secretary of Education.

1 (h) AUTHORIZATION OF APPROPRIATIONS.—There  
 2 are authorized to be appropriated to carry out this sec-  
 3 tion—

- 4 (1) \$375,000,000 for fiscal year 2007;
- 5 (2) \$750,000,000 for fiscal year 2008;
- 6 (3) \$1,125,000,000 for fiscal year 2009; and
- 7 (4) \$1,500,000,000 for each of the fiscal years  
 8 2010 and 2011.

9 **SEC. 204. FUTURE MASTER SCIENCE, TECHNOLOGY, ENGI-**  
 10 **NEERING, AND MATHEMATICS TEACHER**  
 11 **SCHOLARSHIPS.**

12 (a) PURPOSE.—The purpose of this section is to in-  
 13 crease the number and percentage of citizens of the United  
 14 States who are teachers and earn a master’s degree in  
 15 science, technology, engineering, or mathematics by pro-  
 16 viding 25,000 new competitive merit-based graduate schol-  
 17 arships to students who are teachers and citizens of the  
 18 United States, for the purpose of enabling each such stu-  
 19 dent to obtain a master’s degree in science, technology,  
 20 engineering, or mathematics at an institution of higher  
 21 education.

22 (b) SCHOLARSHIPS.—

- 23 (1) IN GENERAL.—From the amounts author-  
 24 ized under subsection (h), the Secretary shall award  
 25 scholarships to eligible students that shall be used



1 by the eligible students to pay for qualifying ex-  
 2 penses at the institution of higher education of the  
 3 eligible students' choosing.

4 (2) FUTURE MASTER MATHEMATICS AND  
 5 SCIENCE TEACHER SCHOLARSHIPS.—A scholarship  
 6 awarded under this section shall be known as a “Fu-  
 7 ture Master Science, Technology, Engineering, and  
 8 Mathematics Teacher Scholarship”.

9 (c) AWARD BASIS.—In awarding scholarships under  
 10 this section, the Secretary shall give preference to students  
 11 who agree to satisfy the teaching requirement under sub-  
 12 section (e) by teaching in a low- or middle-income school  
 13 or a rural school.

14 (d) AMOUNT; DURATION.—

15 (1) AMOUNT.—A scholarship award under this  
 16 section shall be in an amount of not more than the  
 17 average cost of attendance, as such term is defined  
 18 in section 472 of the Higher Education Act of 1965  
 19 (20 U.S.C. 10877l), for a student attending a mas-  
 20 ter's degree program in science, technology, engi-  
 21 neering, or mathematics at an institution of higher  
 22 education in the State, as determined by the Sec-  
 23 retary, in consultation with the State.

24 (2) DURATION OF SCHOLARSHIP.—A scholar-  
 25 ship awarded to an eligible student under this sec-

1       tion shall be for the number of years necessary for  
2       the eligible student to earn a master's degree in  
3       science, technology, engineering, or mathematics on  
4       a full-time or part-time basis, except that—

5               (A) in the case of a student pursuing a  
6               master's degree on a full-time basis, a scholar-  
7               ship under this section shall be awarded for a  
8               period of not more than 2 years; and

9               (B) in the case of a student pursuing a  
10              master's degree on a part-time basis, a scholar-  
11              ship under this section shall be awarded for a  
12              period of not more than 4 years.

13       (e) TEACHING REQUIREMENT.—Each eligible stu-  
14       dent awarded a scholarship under this section shall enter  
15       into an agreement with the Secretary under which the eli-  
16       gible student agrees—

17              (1) to teach elementary school or secondary  
18              school science, technology, engineering, or mathe-  
19              matics for a period of 4 school years following re-  
20              ceipt of the master's degree for which the scholar-  
21              ship was awarded; or

22              (2) to work in employment that improves edu-  
23              cation, as determined by the Secretary pursuant to  
24              regulations, for a period of 4 years following receipt  
25              of such degree.

1       (f) SCHOLARSHIP REPAYMENT PROVISIONS.—A re-  
 2       cipient of a scholarship under this section who is deter-  
 3       mined by the Secretary to violate the agreement entered  
 4       into under subparagraph (e) shall be required to repay a  
 5       pro rata amount of the scholarship award received, plus  
 6       interest, on a schedule and at a rate of interest to be pre-  
 7       scribed by the Secretary pursuant to regulations promul-  
 8       gated under this section.

9       (g) DEFINITIONS.—In this section:

10           (1) ELIGIBLE STUDENT.—The term “eligible  
 11       student” means a student who—

12                   (A) is a citizen of the United States;

13                   (B) is attending an institution of higher  
 14       education;

15                   (C) is or was an elementary school or sec-  
 16       ondary school teacher;

17                   (D) is enrolled, or will be enrolled at the  
 18       start of the next academic year, in a course of  
 19       study at an institution of higher education that  
 20       leads to a master’s degree in science, tech-  
 21       nology, engineering, or mathematics;

22                   (E) demonstrates aptitude, as determined  
 23       by the Secretary, in science, technology, engi-  
 24       neering, or mathematics; or

1 (F) for each year of a scholarship under  
 2 this section, demonstrates continued academic  
 3 achievement and progress, as determined by the  
 4 Secretary, toward completion of a master's de-  
 5 gree in science, technology, engineering, or  
 6 mathematics.

7 (2) INSTITUTION OF HIGHER EDUCATION.—The  
 8 term “institution of higher education” has the  
 9 meaning given the term in section 101(a) of the  
 10 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

11 (3) QUALIFIED EXPENSES.—The term “quali-  
 12 fied expenses” means the tuition, books, fees, sup-  
 13 plies, and equipment required for a course of in-  
 14 struction leading to a master's degree in science,  
 15 technology, engineering, or mathematics at an insti-  
 16 tution of higher education of the eligible student's  
 17 choosing.

18 (4) SECRETARY.—The term “Secretary” means  
 19 the Secretary of Education.

20 (h) AUTHORIZATION OF APPROPRIATIONS.—There  
 21 are authorized to be appropriated to carry out this sec-  
 22 tion—

23 (1) \$375,000,000 for fiscal year 2007;

24 (2) \$750,000,000 for fiscal year 2008;

25 (3) \$1,125,000,000 for fiscal year 2009; and

1           (4) \$1,500,000,000 for each of the fiscal years  
2       2010 and 2011.

3   **SEC. 205. FUTURE CRITICAL LANGUAGE TEACHER SCHOL-**  
4                   **ARSHIPS.**

5       (a) PURPOSE.—The purpose of this section is to in-  
6       crease the number and percentage of citizens of the United  
7       States who earn baccalaureate degrees in critical lan-  
8       guages by providing 25,000 new competitive merit-based  
9       undergraduate scholarships to students who are citizens  
10      of the United States, for the purpose of enabling each such  
11      student to obtain a baccalaureate degree in a critical lan-  
12      guage at an institution of higher education.

13      (b) SCHOLARSHIPS.—

14           (1) IN GENERAL.—From the amounts author-  
15      ized under subsection (h), the Secretary shall award  
16      scholarships to eligible students that shall be used  
17      by the eligible students to pay for qualifying ex-  
18      penses at the institution of higher education of the  
19      eligible students' choosing.

20           (2) FUTURE CRITICAL LANGUAGE TEACHER  
21      SCHOLARSHIP.—A scholarship awarded under this  
22      section shall be known as a “Future Critical Lan-  
23      guage Teacher Scholarship”.

24           (3) LANGUAGE IMMERSION.—The Secretary  
25      shall ensure that language immersion is an integral

1 part of the education for which each scholarship  
2 under this section is awarded.

3 (c) AWARD BASIS.—In awarding scholarships under  
4 this section, the Secretary shall give preference to students  
5 who agree to satisfy the teaching requirement under sub-  
6 section (e) by teaching in a low- or middle-income school  
7 or a rural school.

8 (d) AMOUNT; DURATION.—

9 (1) AMOUNT.—A scholarship award under this  
10 section shall be in an amount of not more than the  
11 average cost of attendance, as such term is defined  
12 in section 472 of the Higher Education Act of 1965  
13 (20 U.S.C. 10877l), for a student attending a bac-  
14 calaureate program in a critical foreign language at  
15 an institution of higher education in the State, as  
16 determined by the Secretary, in consultation with  
17 the State.

18 (2) DURATION OF SCHOLARSHIP.—A scholar-  
19 ship awarded to an eligible student under this sec-  
20 tion shall be for the number of years necessary for  
21 the eligible student to earn a baccalaureate degree in  
22 a critical language, except that—

23 (A) in the case of a student pursuing a  
24 baccalaureate degree on a full-time basis, a

1 scholarship under this section shall be awarded  
2 for a period of not more than 4 years; and

3 (B) in the case of a student pursuing a  
4 baccalaureate degree on a part-time basis, a  
5 scholarship under this section shall be awarded  
6 for a period of not more than 6 years.

7 (e) TEACHING REQUIREMENT.—Each eligible stu-  
8 dent awarded a scholarship under this section shall enter  
9 into an agreement with the Secretary under which the eli-  
10 gible student agrees—

11 (1)(A) to teach a critical language at an ele-  
12 mentary school or secondary school for a period of  
13 4 school years following receipt of the baccalaureate  
14 degree for which the scholarship was awarded; and

15 (B) to meet any teacher training requirements  
16 determined necessary by the State in order to carry  
17 out subparagraph (A); or

18 (2) to work in employment that improves edu-  
19 cation, as determined by the Secretary pursuant to  
20 regulations, for a period of 4 years following receipt  
21 of such degree.

22 (f) SCHOLARSHIP REPAYMENT PROVISIONS.—A re-  
23 cipient of a scholarship under this section who is deter-  
24 mined by the Secretary to violate the agreement entered  
25 into under subsection (e) shall be required to repay a pro

1 rata amount of the scholarship award received, plus inter-  
 2 est, on a schedule and at a rate of interest to be prescribed  
 3 by the Secretary pursuant to regulations promulgated  
 4 under this section.

5 (g) DEFINITIONS.—In this section:

6 (1) CRITICAL LANGUAGE.—The term “critical  
 7 language” means Chinese, Mandarin, Arabic, Hindi,  
 8 Urdu, Russian, Korean, Farsi, or any other lan-  
 9 guage that the Secretary of Education determines is  
 10 a critical language.

11 (2) ELIGIBLE STUDENT.—The term “eligible  
 12 student” means a student who—

13 (A) is a citizen of the United States;

14 (B) is attending an institution of higher  
 15 education;

16 (C) is enrolled, or will be enrolled at the  
 17 start of the next academic year, in a course of  
 18 study at an institution of higher education that  
 19 leads to a baccalaureate degree in a critical lan-  
 20 guage;

21 (D) demonstrates aptitude for foreign lan-  
 22 guage, as determined by the Secretary; or

23 (E) for each year of a scholarship under  
 24 this section, demonstrates continued academic  
 25 achievement and progress, as determined by the



1 Secretary, toward completion of a baccalaureate  
2 degree in a critical language.

3 (3) INSTITUTION OF HIGHER EDUCATION.—The  
4 term “institution of higher education” has the  
5 meaning given the term in section 101(a) of the  
6 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

7 (4) QUALIFIED EXPENSES.—The term “quali-  
8 fied expenses” means—

9 (A) the tuition, books, fees, supplies, and  
10 equipment required for a course of instruction  
11 leading to a baccalaureate degree in a critical  
12 language at an institution of higher education  
13 of the eligible student’s choosing; and

14 (B) in the case of a student visiting a for-  
15 eign country as part of a study abroad or other  
16 academic program—

17 (i) the cost of a visa or other docu-  
18 ment issued by a foreign country to permit  
19 the eligible student to visit the foreign  
20 country; and

21 (ii) the cost of medical services rec-  
22 ommend by the Secretary of State or the  
23 Director of the Centers for Disease Control  
24 and Prevention for an individual traveling  
25 to the foreign country.

1           (5) SECRETARY.—The term “Secretary” means  
2       the Secretary of Education.

3       (h) AUTHORIZATION OF APPROPRIATIONS.—There  
4       are authorized to be appropriated to carry out this sec-  
5       tion—

6           (1) \$375,000,000 for fiscal year 2007;

7           (2) \$750,000,000 for fiscal year 2008;

8           (3) \$1,125,000,000 for fiscal year 2009; and

9           (4) \$1,500,000,000 for each of the fiscal years  
10       2010 and 2011.

11   **SEC. 206. ASSISTING TEACHERS IN RURAL OR UNDER-**  
12                           **SERVED AREAS.**

13       (a) GRANTS TO STATES.—A Secretary of Education  
14       is authorized to award grants to State educational agen-  
15       cies to enable the State educational agencies to carry out  
16       programs to encourage elementary school and secondary  
17       school teachers to teach in rural schools or underserved  
18       areas. Such programs may include—

19           (1) providing cash incentives to encourage a  
20       teacher to teach in a rural school or an underserved  
21       area; and

22           (2) loan forgiveness programs.

23       (b) DEFINITION OF RURAL SCHOOL.—In this section  
24       the term “rural school” means a school with a school lo-

1 cale code of 7 or 8, or otherwise designated as a rural  
 2 school, as determined by the Secretary.

3 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
 4 are authorized to be appropriated to carry out this section  
 5 \$750,000,000 for fiscal year 2007 and each of the 4 suc-  
 6 ceeding fiscal years.

7 **SEC. 207. ADVANCED PLACEMENT AND INTERNATIONAL**  
 8 **BACCALAUREATE PROGRAMS.**

9 (a) PURPOSE.—The purposes of this section are—

10 (1) to educate an additional 70,000 Advanced  
 11 Placement (AP) or International Baccalaureate (IB)  
 12 and 80,000 pre-AP or pre-IB teachers over the 5-  
 13 year period beginning with 2007; and

14 (2) to increase the number of students who take  
 15 AP and IB classes.

16 (b) GRANTS AUTHORIZED.—

17 (1) IN GENERAL.—From the amounts author-  
 18 ized under subsection (h), the Secretary shall award  
 19 grants, on a competitive basis, to eligible recipients  
 20 to enable the eligible recipients to carry out the ac-  
 21 tivities authorized in subsection (f).

22 (2) LIMITATION.—An eligible recipient may not  
 23 receive more than 1 grant at a time under this sec-  
 24 tion to undertake authorized activities within the  
 25 same State.

1 (c) DEFINITIONS.—In this section:

2 (1) ELIGIBLE RECIPIENT.—The term “eligible  
3 recipient” means a nonprofit educational entity with  
4 expertise in Advanced Placement or International  
5 Baccalaureate services.

6 (2) MASTER TEACHER.—The term “master  
7 teacher” means a teacher—

8 (A) with an advanced degree or an ad-  
9 vanced certification;

10 (B) who uses the most effective teaching  
11 methods in the teacher’s disciplines; and

12 (C) who has shown demonstrable results of  
13 higher student achievement.

14 (d) APPLICATION.—

15 (1) IN GENERAL.—Each eligible recipient desir-  
16 ing a grant under this section shall submit an appli-  
17 cation to the Secretary at such time, in such man-  
18 ner, and accompanied by such information as the  
19 Secretary may require.

20 (2) CONTENTS.—Each application submitted  
21 pursuant to paragraph (1) shall—

22 (A) describe the need for increased access  
23 to Advanced Placement or International Bacca-  
24 laureate programs;

1 (B) provide for the involvement of business  
 2 and community organizations in the activities to  
 3 be assisted;

4 (C) describe the availability of matching  
 5 funds from non-Federal sources to assist in the  
 6 activities authorized; and

7 (D) demonstrate an intent to carry out ac-  
 8 tivities that target local educational agencies—

9 (i) for which not less than 40 percent  
 10 of the children served by the local edu-  
 11 cational agency are children from low-in-  
 12 come families; or

13 (ii) with a total of less than 600 stu-  
 14 dents in average daily attendance at the  
 15 schools that are served by the local edu-  
 16 cational agency and all of those schools are  
 17 designated with a school locale code of 7 or  
 18 8, or otherwise designated as a rural  
 19 school, as determined by the Secretary.

20 (e) PRIORITY CONSIDERATION.—The Secretary shall  
 21 give priority to eligible recipients that submit an applica-  
 22 tion under subsection (d) that demonstrates a pervasive  
 23 need to expand or develop Advanced Placement or Inter-  
 24 national Baccalaureate programs.

1 (f) AUTHORIZED ACTIVITIES.—An eligible recipient  
2 shall use the grant funds provided under this section for  
3 the following activities:

4 (1) To identify and work with local educational  
5 agencies to expand or develop Advanced Placement  
6 or International Baccalaureate and pre-Advanced  
7 Placement or pre-International Baccalaureate pro-  
8 grams in schools served by the local educational  
9 agencies.

10 (2) To work with the local educational agencies  
11 to establish Advanced Placement or International  
12 Baccalaureate coordinators in each secondary school  
13 served by the local educational agencies.

14 (3) To ensure master teachers provide training  
15 to prepare teachers to teach Advanced Placement or  
16 International Baccalaureate courses, which may in-  
17 clude—

18 (A) week-long summer institutes; and

19 (B) 2-day seminars in the teachers' dis-  
20 ciplines each year for 4 years.

21 (4) To ensure master teachers provide training  
22 to prepare teachers to teach pre-Advanced Place-  
23 ment or pre-International Baccalaureate courses,  
24 which shall include at a minimum—

25 (A) a 4-day summer institute; and

1 (B) 4 days on campus each year for 4  
2 years.

3 (5) To provide stipends to teachers who satis-  
4 factorily complete the Advanced Placement or Inter-  
5 national Baccalaureate or pre-Advanced Placement  
6 or pre-International Baccalaureate training.

7 (6) To provide test preparation sessions for stu-  
8 dents taking Advanced Placement or International  
9 Baccalaureate classes.

10 (7) To waive Advanced Placement or Inter-  
11 national Baccalaureate examinations fees for stu-  
12 dents who qualify for a free or reduced-price school  
13 lunch under the Richard B. Russell National School  
14 Lunch Act (42 U.S.C. 1751 et seq.).

15 (g) EVALUATION AND ACCOUNTABILITY PLAN.—

16 (1) IN GENERAL.—Each eligible recipient re-  
17 ceiving a grant under this section shall develop an  
18 evaluation and accountability plan for activities as-  
19 sisted under this section that includes rigorous ob-  
20 jectives that measure the impact of activities as-  
21 sisted under this section.

22 (2) CONTENTS.—The plan developed pursuant  
23 to paragraph (1) shall include—

24 (A) the number of students served by the  
25 eligible recipient who are taking pre-Advanced

1 Placement or pre-International Baccalaureate  
2 courses;

3 (B) the number of students served by the  
4 eligible recipient who are taking Advanced  
5 Placement or International Baccalaureate  
6 courses;

7 (C) the number of students served by the  
8 eligible recipient who take Advanced Placement  
9 or International Baccalaureate examinations;

10 (D) the number of students served by the  
11 eligible recipients who pass Advanced Place-  
12 ment or International Baccalaureate examina-  
13 tions; and

14 (E) the number of teachers trained in Ad-  
15 vanced Placement or International Bacca-  
16 laureate and pre-Advanced Placement or pre-  
17 International Baccalaureate programs.

18 (h) AUTHORIZATION OF APPROPRIATIONS.—There  
19 are authorized to be appropriated to carry out this sec-  
20 tion—

21 (1) \$241,000,000 for fiscal year 2007;

22 (2) \$341,000,000 for fiscal year 2008;

23 (3) \$453,000,000 for fiscal year 2009;

24 (4) \$596,000,000 for fiscal year 2010; and

25 (5) \$731,000,000 for fiscal year 2011.



1 **TITLE III—COMMITTING TO**  
 2 **COMPETITIVENESS EARLY BY**  
 3 **SUPPORTING UNIVERSAL**  
 4 **VOLUNTARY PREKINDER-**  
 5 **GARTEN**

6 **SEC. 301. FINDINGS.**

7 Congress finds the following:

8 (1) Early education has been shown to increase  
 9 high school graduation rates, reduce grade repeti-  
 10 tion, and decrease the need for remedial education.

11 (2) Investment in quality early education has  
 12 repeatedly shown high returns for each dollar in-  
 13 vested.

14 (3) Children who complete early education are  
 15 more likely to become responsible adults, establish  
 16 stable families, and earn higher wages.

17 **SEC. 302. UNIVERSAL VOLUNTARY PREKINDERGARTEN BY**  
 18 **2020.**

19 (a) PURPOSE.—It is the purpose of this section to  
 20 double the number of students participating in universal  
 21 voluntary prekindergarten programs during the 5-year pe-  
 22 riod beginning with 2007, with the intent of providing uni-  
 23 versal voluntary prekindergarten to all children by 2020.

24 (b) GRANTS TO STATES.—

1           (1) IN GENERAL.—The Secretary is authorized  
2           to award a grant to a State educational agency to  
3           enable the State educational agency to pay the Fed-  
4           eral share of the cost of establishing a universal vol-  
5           untary prekindergarten program within the State.  
6           The universal voluntary prekindergarten program  
7           shall—

8                   (A) incorporate benchmarks to evaluate  
9                   the effectiveness of the program;

10                   (B) include prekindergarten teacher devel-  
11                   opment;

12                   (C) address prekindergarten teacher-to-  
13                   student ratios or class sizes;

14                   (D) provide for a minimum of 6 hours of  
15                   instruction per day;

16                   (E) encourage developmental education  
17                   rather than just child care;

18                   (F) provide for progressive increases re-  
19                   garding the qualifications of prekindergarten  
20                   teachers; and

21                   (G) be aligned with the standards, cur-  
22                   ricula, and child expectations for kindergarten  
23                   and elementary school.

1           (2) MATCHING FUNDS.—The Federal share  
2       shall be 50 percent. The non-Federal share shall be  
3       provided from non-Federal sources.

4           (c) STATE PLAN.—Each State educational agency de-  
5       siring a grant under this section shall submit to the Sec-  
6       retary a State plan for establishing a universal voluntary  
7       prekindergarten program in the State in accordance with  
8       this section. The plan shall—

9           (1) demonstrate a need for the establishment,  
10       enhancement, or expansion of a universal voluntary  
11       prekindergarten program;

12          (2) describe how the State educational agency  
13       collaborates with local early childhood councils and  
14       agencies;

15          (3) provide an assurance that each individual  
16       hired to teach in the universal voluntary prekindergarten  
17       program is qualified to teach children at the  
18       prekindergarten level;

19          (4) provide an assurance that the ratio of  
20       teachers or child development specialists to children  
21       in the universal voluntary prekindergarten program  
22       shall not exceed 1 to 10;

23          (5) provide a description of how funds will be  
24       used to coordinate with and enhance, but not dupli-

1        cate or supplant, early childhood programs serving  
 2        eligible children that exist in the State;

3            (6) describe how the universal voluntary pre-  
 4        kindergarten program will meet the diverse needs of  
 5        children, ages 3 through 5, in the State who are not  
 6        enrolled in kindergarten, including children with dis-  
 7        abilities or whose native language is other than  
 8        English;

9            (7) describe how the State educational agency  
 10        will collaborate with local schools to ensure a smooth  
 11        transition for participating students from early  
 12        childhood education to kindergarten and early ele-  
 13        mentary education;

14           (8) describe the results the universal voluntary  
 15        prekindergarten program is intended to achieve, and  
 16        what tools will be used to measure the progress in  
 17        attaining those results; and

18           (9) describe how the State educational agency  
 19        will phase in access to universal voluntary prekinder-  
 20        garten, beginning with children at risk of academic  
 21        failure.

22        (d) USES OF FUNDS.—

23           (1) IN GENERAL.—A State educational agency  
 24        that receives a grant award under this part shall use  
 25        funds received through the grant to pay the Federal

1 share of the costs of establishing, enhancing, or ex-  
 2 panding a universal voluntary prekindergarten pro-  
 3 gram for children, ages 3 through 5, who are not en-  
 4 rolled in kindergarten, including—

5 (A) providing a program that focuses on—

6 (i) the developmental needs of partici-  
 7 pating children, including—

8 (I) language development;

9 (II) science;

10 (III) creative arts;

11 (IV) social and emotional needs;

12 (V) children's approaches to  
 13 learning; and

14 (VI) physical and health develop-  
 15 ment; and

16 (ii) using research-based approaches  
 17 that build on competencies that lead to  
 18 school success, particularly in language  
 19 and literacy development in reading and  
 20 mathematics;

21 (B) paying the costs of purchasing edu-  
 22 cation material, such as books, necessary to  
 23 provide a high-quality program;

24 (C) pursuing accreditation by a national  
 25 accreditation body with demonstrated experi-

1           ence in accreditation of prekindergarten pro-  
 2           grams, to be obtained not later than 3 years  
 3           after the date of receipt of funds under this sec-  
 4           tion;

5           (D) helping prekindergarten teachers pur-  
 6           sue and attain the credential and degree re-  
 7           quirements established by the State and pro-  
 8           viding a stipend for attaining educational or  
 9           professional development; and

10          (E) meeting the needs of working parents.

11          (2) PERMISSIBLE USE OF FUNDS.—An agency  
 12          or eligible prekindergarten provider that receives a  
 13          grant award under this part may use funds received  
 14          through the grant to pay for transporting students  
 15          to and from a universal voluntary prekindergarten  
 16          program.

17          (e) SUPPLEMENT NOT SUPPLANT.—Grant funds  
 18          awarded under this section shall be used to supplement,  
 19          not supplant, funds provided under the Head Start Act  
 20          (42 U.S.C. 9831 et seq.).

21          (f) AUTHORIZATION OF APPROPRIATIONS.—There  
 22          are authorized to be appropriated to carry out this sec-  
 23          tion—

24               (1) \$1,400,000,000 for fiscal year 2007;

25               (2) \$2,800,000,000 for fiscal year 2008;

- 1 (3) \$4,200,000,000 for fiscal year 2009;
- 2 (4) \$5,600,000,000 for fiscal year 2010; and
- 3 (5) \$7,000,000,000 for fiscal year 2011.

4 **SEC. 303. PREKINDERGARTEN THROUGH GRADE 16 (PK-16)**  
 5 **COLLABORATIVES.**

6 (a) PROGRAM AUTHORIZED.—

7 (1) IN GENERAL.—From amounts appropriated  
 8 under subsection (e), the Secretary is authorized to  
 9 award, on a competitive basis, grants to eligible  
 10 State educational agencies for the purpose of ena-  
 11 bling such agencies to establish State prekind-  
 12 garten through grade 16 leadership collaboratives  
 13 (referred to in this section as “collaboratives”)  
 14 that—

15 (A) convene stakeholders in prekind-  
 16 garten through grade 16 (referred to in this  
 17 section as “PK-16”) education within the State  
 18 and create a forum for identifying and delib-  
 19 erating on educational issues that transcend the  
 20 exclusive domain of early childhood education,  
 21 kindergarten through grade 12 education, high-  
 22 er education, and workforce development;

23 (B) recommend ways to align educational  
 24 curricula, assessments, programs, and experi-  
 25 ences for students from ages 3 to 21;

1 (C) develop a plan to expand children’s ac-  
 2 cess to quality, voluntary prekindergarten, be-  
 3 ginning with children most at risk of academic  
 4 failure, and mandatory kindergarten programs;  
 5 and

6 (D) design and implement integrated PK–  
 7 16 data systems that will allow the State to  
 8 track the progress of individual students from  
 9 prekindergarten through grade 12 and into  
 10 higher education and the workforce.

11 (2) DURATION.—The Secretary shall award  
 12 grants under this section for a period of not more  
 13 than 5 years.

14 (b) DEFINITIONS.—In this section—

15 (1) ELIGIBLE STATE EDUCATIONAL AGENCY.—  
 16 The term “eligible State educational agency” means  
 17 a State educational agency that provides assurances  
 18 to the Secretary that the agency will use grant funds  
 19 under this section to form a collaborative that in-  
 20 cludes as members not less than 1 representative  
 21 from each of the following:

22 (A) The Governor of the State, who shall  
 23 play a leading role in the collaborative.

24 (B) The chief executive officer of the State  
 25 public institution of higher education system or



1 the executive officer of the State higher edu-  
 2 cation coordinating board.

3 (C) The chief State educational agency  
 4 school officer, such as the State kindergarten  
 5 through grade 12 superintendent.

6 (D) A representative of relevant external  
 7 stakeholder groups, including civil rights, busi-  
 8 ness, civic, teacher, parent, school adminis-  
 9 trator, and child advocacy organizations.

10 (E) The State official responsible for eco-  
 11 nomic development, if such a position exists.

12 (2) COLLEGE PREPARATORY CURRICULUM.—

13 The term “college preparatory curriculum” means a  
 14 rigorous core of course requirements intended to  
 15 prepare secondary students for high level employ-  
 16 ment and higher education and shall include 4 years  
 17 of English, 3 years of mathematics (including alge-  
 18 bra I, algebra II, and geometry), and 3 years of lab-  
 19 oratory science (such as biology, physics, and chem-  
 20 istry).

21 (c) APPLICATION.—

22 (1) IN GENERAL.—Each eligible State edu-  
 23 cational agency desiring a grant under this section  
 24 shall submit an application to the Secretary at such

1 time, in such manner, and accompanied by such in-  
 2 formation as the Secretary may reasonably require.

3 (2) CONTENTS.—Each application submitted  
 4 under paragraph (1) shall—

5 (A) be informed by the opinions of the  
 6 larger education and business community, in-  
 7 cluding parents, students, school superintend-  
 8 ents, teachers, administrators, and business  
 9 leaders, in the development of the curriculum  
 10 and skills students should know and be able to  
 11 perform; and

12 (B) include an assurance that the collabo-  
 13 rative will develop a plan to leverage additional  
 14 State, local, and other funds to support—

15 (i) expansion of access to voluntary,  
 16 quality prekindergarten programs;

17 (ii) phased-in implementation of a  
 18 mandatory full-day kindergarten policy;  
 19 and

20 (iii) alignment of curricula, assess-  
 21 ments, and programs for PK–16 children.

22 (d) USE OF FUNDS.—

23 (1) REQUIRED ACTIVITIES.—An eligible State  
 24 educational agency receiving a grant under this sec-

tion shall use grant funds provided under subsection  
(e) to carry out all of the following activities:

(A) Establish a collaborative and a time  
line for accomplishing all activities that will be  
carried out with grant funds this section.

(B) Analyze the State's level of PK-16 ac-  
cess, quality, and program alignment.

(C) Develop a plan, where appropriate, for  
the State to expand access to—

(i) voluntary, quality public and pri-  
vate prekindergarten programs for all chil-  
dren ages 3 and 4; and

(ii) mandatory full-day kindergarten  
programs for all 5 year olds.

(D) Analyze the State's level of success in  
preparing students for higher education and the  
21st century labor market by using the data  
produced by the system described in subpara-  
graph (E), and other information as appro-  
priate.

(E) Design and implement an integrated  
PK-16 data system that will allow the State to  
ascertain the progress of students from pre-  
kindergarten through grade 12 and into higher

1 education and the workforce. The data system  
2 shall—

3 (i) include—

4 (I) prekindergarten student en-  
5 rollment data;

6 (II) student-level assessment  
7 scores;

8 (III) the type of curriculum in  
9 which a student is enrolled;

10 (IV) secondary school course en-  
11 rollment data including data on the  
12 number of students enrolling in Ad-  
13 vanced Placement (AP) and Inter-  
14 national Baccalaureate (IB) courses;

15 (V) student persistence and grad-  
16 uation rates in secondary education;  
17 and

18 (VI) the rates of student attend-  
19 ance at institutions of higher edu-  
20 cation; and the types of higher edu-  
21 cation programs pursued by students;  
22 and

23 (ii) allow the eligible State educational  
24 agency to analyze correlations between—

1 (I) enrollment, including enroll-  
2 ment in a school or local educational  
3 agency identified for improvement  
4 under subsection (a) or subsection (c),  
5 respectively, of section 1116 of the El-  
6 elementary and Secondary Education  
7 Act of 1965 (20 U.S.C. 6316); and

8 (II) course-taking patterns in  
9 prekindergarten through grade 12 and  
10 outcomes in subsequent grades and  
11 beyond, including—

12 (aa) the need for remedial  
13 work in subsequent grades;

14 (bb) the need for remedial  
15 work during the summer;

16 (cc) academic suspension or  
17 expulsion;

18 (dd) high school graduation;

19 (ee) entry into higher edu-  
20 cation;

21 (ff) the need for remediation  
22 coursework in higher education;

23 (gg) persistence in higher  
24 education;

1 (hh) graduation from higher  
2 education; and

3 (ii) entry into and retention  
4 in the workplace.

5 (F) Supplement the salaries of prekindergarten  
6 teachers.

7 (G) Create opportunities for ongoing, inservice  
8 professional development for teachers  
9 within and across grade levels.

10 (H) Support the provision of comprehensive  
11 health and social services to children in  
12 prekindergarten who are at risk of academic  
13 failure.

14 (I) Ensure that any available data does not  
15 allow for individual student identification, and  
16 that all data collection shall be in accordance  
17 with section 444 of the General Education Provisions  
18 Act (20 U.S.C. 1232g; commonly referred to as the Family Educational Rights and  
19 Privacy Act of 1974).

21 (J) Examine the desirability of an agreement  
22 between the eligible State educational  
23 agency and the higher education system in the  
24 State on a common assessment or assessments  
25 that—

1 (i) shall follow established guidelines  
 2 to guarantee reliability and validity;

3 (ii) shall provide adequate accom-  
 4 modations for students who are limited  
 5 English proficient and students with dis-  
 6 abilities; and

7 (iii) may also serve as a placement ex-  
 8 amination, exit examination, or end of  
 9 course examination that measures sec-  
 10 ondary students' preparedness to succeed  
 11 in postsecondary, credit-bearing courses.

12 (2) PERMISSIBLE ACTIVITIES.—An eligible  
 13 State educational agency receiving a grant under  
 14 this section may use grant funds provided under  
 15 subsection (e) to develop multiple forms of assess-  
 16 ment that provide information on whether children  
 17 are progressing toward academic and social expecta-  
 18 tions set out for them in prekindergarten through  
 19 grade 3.

20 (3) PLANNING AND IMPLEMENTATION.—An eli-  
 21 gible State educational agency receiving a grant  
 22 under this section may use grant funds received for  
 23 the first fiscal year to form the collaborative and  
 24 plan the activities described in paragraphs (1) and  
 25 (2). Grant funds received for subsequent fiscal years

1 shall be used for the implementation of the activities  
2 described in paragraphs (1) and (2).

3 (4) REPORTS.—An eligible State educational  
4 agency receiving a grant under this section shall  
5 submit a biennial report to the Secretary on—

6 (A) the extent of alignment and articula-  
7 tion across the State’s systems of public edu-  
8 cation for prekindergarten through grade 16;

9 (B) the strengths and weaknesses of the  
10 State in transitioning students from the pre-  
11 kindergarten through grade 12 education sys-  
12 tem into higher education and the labor market;

13 (C) the quality and rigor of the State’s col-  
14 lege preparatory curriculum, including rec-  
15 ommendations to the State regarding the sub-  
16 stance of the curriculum as well as the accessi-  
17 bility of the curriculum to all students in pre-  
18 kindergarten through grade 12; and

19 (D) the strengths and weaknesses of the  
20 State in recruiting, retaining, and supporting  
21 qualified teachers, including whether the State  
22 needs to recruit additional teachers at the sec-  
23 ondary level for specific subjects, or particular  
24 schools or local educational agencies, and rec-



1           ommendations for setting and achieving goals  
2           in this pursuit.

3           (5) PUBLICATION.—An eligible State edu-  
4           cational agency submitting a report in accordance  
5           with paragraph (1) shall publish and widely dissemi-  
6           nate the report to the public.

7           (e) AUTHORIZATION OF APPROPRIATIONS.—There  
8           are authorized to be appropriated to carry out this section  
9           \$400,000,000 for fiscal year 2007, and such sums as may  
10          be necessary for each succeeding fiscal year.

11   **SEC. 304. ADVANCING EARLY CHILDHOOD EDUCATION**  
12                           **TEACHER QUALIFICATIONS.**

13          (a) IN GENERAL.—Each State receiving federal edu-  
14          cation funds shall ensure that, not later 5 years after the  
15          date of enactment of this Act, each early childhood edu-  
16          cation teacher hired after such date in the State has a  
17          bachelor's degree in early childhood education.

18          (b) STATE PLAN.—Each State that receives Federal  
19          education funds shall submit to the Secretary of Edu-  
20          cation a plan for raising the qualifications of early child-  
21          hood education teachers in the State who do not have a  
22          bachelor's degree.

1 **TITLE IV—ENCOURAGING EN-**  
2 **RICHMENT ACTIVITIES BY**  
3 **SUPPORTING MIDDLE**  
4 **SCHOOLS AND SECONDARY**  
5 **SCHOOLS**

6 **SEC. 401. FINDINGS.**

7 Congress finds the following:

8 (1) On school days, the hours between 3:00 pm  
9 and 6:00 pm are the peak hours for juvenile crime  
10 and experimentation with drugs, alcohol, cigarettes,  
11 and sexual activity.

12 (2) Only 6,500,000 children in kindergarten  
13 through grade 12 (11 percent of the school-age pop-  
14 ulation) spend time in afterschool programs.

15 (3) Teens who do not participate in afterschool  
16 programs are nearly 3 times more likely to skip  
17 classes than teens who do participate. Teens who do  
18 not participate in afterschool programs are also 3  
19 times more likely to use marijuana or other drugs,  
20 and are more likely to drink alcohol, smoke ciga-  
21 rettes, and engage in sexual activity.

22 **SEC. 402. ADVANCING KNOWLEDGE WITH INTERNSHIPS**  
23 **AND SUMMER PROGRAMS.**

24 (a) **GRANTS AUTHORIZED.**—The Secretary of Edu-  
25 cation is authorized to award grants to State educational

1 agencies to enable the State educational agencies to award  
 2 grants to local educational agencies for internships and  
 3 summer programs for middle and secondary school stu-  
 4 dents.

5 (b) LOCAL EDUCATIONAL AGENCY USE OF  
 6 FUNDS.—Each local educational agency receiving a grant  
 7 under this section shall use the grant funds to provide sub-  
 8 grants to public elementary schools, public secondary  
 9 schools, or nonprofit organizations to enable the schools  
 10 and organizations to carry out internships and summer  
 11 programs for middle school and secondary school students.

12 (c) AUTHORIZATION OF APPROPRIATIONS.—There  
 13 are authorized to be appropriated to carry out this section  
 14 \$200,000,000 for fiscal year 2007, \$400,000,000 for fis-  
 15 cal year 2008, and \$600,000,000 for each of the fiscal  
 16 years 2009 through 2011.

17 **SEC. 403. INSIGHT, PARTNERSHIP, AND INITIATIVE**  
 18 **GRANTS.**

19 (a) GRANTS TO STATES.—The Secretary is author-  
 20 ized to award grants to State educational agencies to en-  
 21 able the State educational agencies to carry out men-  
 22 toring, afterschool, and enrichment programs, which may  
 23 include college preparation programs, arts education,  
 24 crime or drug abuse prevention programs (including meth-  
 25 amphetamine abuse prevention), or vocational training.

1 (b) INSIGHT, PARTNERSHIP, AND INITIATIVE  
 2 GRANTS.—A grant awarded under this section shall be  
 3 known as an “Insight, Partnership, and Initiative Grant”  
 4 or an “IPI Grant”.

5 (c) SUPPLEMENT NOT SUPPLANT.—Funds made  
 6 available under this section shall be used to supplement,  
 7 and not supplant, other Federal, State, or local funds that  
 8 would otherwise be expended to carry out the activities  
 9 described in this section.

10 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
 11 are authorized to be appropriated to carry out this section  
 12 \$200,000,000 for fiscal year 2007, \$400,000,000 for fis-  
 13 cal year 2008, and \$600,000,000 for each of the fiscal  
 14 years 2009 through 2011.

15 **TITLE V—COMMITTING TO EDU-**  
 16 **CATION FOR A COMPETITIVE**  
 17 **ECONOMY**

18 **SEC. 501. FINDINGS.**

19 Congress makes the following findings:

20 (1) The youth of the United States must be  
 21 qualified for the jobs of the 21st century.

22 (2) The Bureau of Labor Statistics predicts a  
 23 significantly rising number of American jobs requir-  
 24 ing technically trained workers.

1           (3) United States secondary schools have con-  
2           sistently fared poorly on international science and  
3           mathematics tests, compared with their counterparts  
4           in other developed countries.

5 **SEC. 502. SUMMER SCIENCE AND ENGINEERING INSTI-**  
6 **TUTES.**

7           (a) GRANTS AUTHORIZED.—The Secretary of Edu-  
8           cation is authorized to award grants to State educational  
9           agencies to enable the State educational agencies to award  
10          grants to elementary schools and secondary schools to en-  
11          able the elementary schools and secondary schools to carry  
12          out a summer science and engineering institute for sec-  
13          ondary school students.

14          (b) PARTNERSHIP AGREEMENT.—In order for an ele-  
15          mentary school or secondary school to be eligible to receive  
16          a grant under this section the school shall enter into a  
17          partnership agreement with a private sector research or  
18          educational entity for the purpose of carrying out the sum-  
19          mer science and engineering institute assisted under this  
20          section.

21          (c) AUTHORIZATION OF APPROPRIATIONS.—There  
22          are authorized to be appropriated to carry out this section  
23          \$800,000,000 for fiscal year 2007 and such sums as may  
24          be necessary for each of the 4 succeeding fiscal years.

1 **SEC. 503. SPECIALTY SCIENCE AND MATHEMATICS SEC-**  
 2 **ONDARY SCHOOLS.**

3 (a) GRANTS AUTHORIZED.—The Secretary of Edu-  
 4 cation is authorized to award grants to local educational  
 5 agencies to enable the local educational agencies to pay  
 6 the Federal share of the cost of establishing and operating  
 7 specialty science and mathematics secondary schools.

8 (b) DEFINITION OF SPECIALTY SCIENCE AND MATH-  
 9 EMATICS SECONDARY SCHOOL.—The term “specialty  
 10 science and mathematics secondary school” means a sec-  
 11 ondary school that—

- 12 (1) specializes in science and mathematics;
- 13 (2) provides not less than 6 periods per day de-  
 14 voted to academic coursework with a focus on  
 15 science and mathematics instruction; and
- 16 (3) admits students on a competitive basis and  
 17 on the basis of merit.

18 (c) FEDERAL SHARE; NON-FEDERAL SHARE.—The  
 19 Federal share shall be 50 percent. The non-Federal share  
 20 shall be provided from non-Federal sources.

21 (d) AUTHORIZATION OF APPROPRIATIONS.—There is  
 22 authorized to be appropriated to carry out this section  
 23 \$500,000,000 for the period of fiscal years 2007 through  
 24 2011.

1 **SEC. 504. SCIENCE, TECHNOLOGY, ENGINEERING, AND**  
2 **MATHEMATICS FOR TOMORROW PROGRAM**  
3 **ESTABLISHED.**

4 (a) DEFINITIONS.—In this section:

5 (1) COSTS OF ATTENDANCE.—The term “cost  
6 of attendance” has the meaning given the term in  
7 section 472 of the Higher Education Act of 1965  
8 (20 U.S.C. 1087l).

9 (2) ELIGIBLE STUDENT.—The term “eligible  
10 student” means a student who—

11 (A) is a citizen of the United States;

12 (B) is enrolled full-time—

13 (i) in a program of study leading to a  
14 baccalaureate degree in science, tech-  
15 nology, engineering, or mathematics at an  
16 institution of higher education; or

17 (ii) in the first or second year of a  
18 program of study leading to a bacca-  
19 laureate degree at an institution of higher  
20 education and certifies the student’s intent  
21 to pursue a baccalaureate degree in  
22 science, technology, engineering, or mathe-  
23 matics; and

24 (C) maintains an acceptable level of aca-  
25 demic standing at the institution of higher edu-  
26 cation.

1           (3) INSTITUTION OF HIGHER EDUCATION.—The  
2           term “institution of higher education” shall have the  
3           meaning given the term in section 101(a) of the  
4           Higher Education Act of 1965 (20 U.S.C. 1001(a)).

5           (b) PAYMENTS REQUIRED.—For each academic year,  
6           the Secretary shall pay to each eligible student such sums  
7           as may be necessary to pay the costs of attendance for  
8           such student to enroll full-time in a program of study lead-  
9           ing to a baccalaureate degree in science, technology, engi-  
10          neering, or mathematics at the institution of higher edu-  
11          cation of the eligible student’s choice for the academic  
12          year.

13          (c) WORK REQUIREMENT.—In order to receive a pay-  
14          ment subsection (b), each eligible student shall enter into  
15          an agreement with the Secretary under which the eligible  
16          student agrees to work in a field related to the student’s  
17          program of study for a period of 4 school years following  
18          receipt of the baccalaureate degree for which the scholar-  
19          ship was awarded.

20          (d) REPAYMENT PROVISIONS.—A recipient of a pay-  
21          ment under this section who is determined by the Sec-  
22          retary to violate the agreement entered into under sub-  
23          paragraph (c) shall be required to repay a pro rata amount  
24          of the payment received, plus interest, on a schedule and



1 at a rate of interest to be prescribed by the Secretary pur-  
 2 suant to regulations promulgated under this section.

3 (e) REGULATIONS.—The Secretary shall promulgate  
 4 regulations under this section as necessary or appropriate  
 5 to carry out this section, including regulations regarding  
 6 the acceptable level of academic standing described in sub-  
 7 section (a)(2)(C).

8 **SEC. 505. FEDERAL PELL GRANTS.**

9 Section 401(b)(2)(A) of the Higher Education Act of  
 10 1965 (20 U.S.C. 1070a(b)(2)(A)) is amended to read as  
 11 follows:

12 “(2)(A) The amount of the Federal Pell Grant for  
 13 a student eligible under this part shall be \$6,000 for each  
 14 of the academic years 2007–2008 through 2013–2014,  
 15 less an amount equal to the amount determined to be the  
 16 expected family contribution with respect to that student  
 17 for that year.”.

18 **SEC. 506. RESEARCH GRANTS FOR EARLY CAREER SCI-**  
 19 **ENTISTS.**

20 (a) IN GENERAL.—The Secretary of Education is au-  
 21 thorized to award 600 grants to individual scientists who  
 22 are less than 40 years old in order to continue and expand  
 23 the research conducted by the scientists and to support  
 24 the scientists in the early stages of their careers.

1 (b) AMOUNT AND DURATION OF GRANTS.—A grant  
 2 awarded under this section shall be in the amount of  
 3 \$32,000 and shall be distributed to the recipient in install-  
 4 ments over a 2-year period.

5 (c) PREFERENCE.—In awarding grants under sub-  
 6 section (a), the Secretary shall give a preference to sci-  
 7 entists who are representatives of populations underrep-  
 8 resented in the scientific fields.

9 (d) AUTHORIZATION OF APPROPRIATIONS.—There  
 10 are authorized to be appropriated to carry out this section,  
 11 \$19,200,000 for the period of fiscal years 2007 through  
 12 2011.

## 13 **TITLE VI—RESTORING OUR** 14 **COMMITMENT TO INDIAN** 15 **EDUCATION**

### 16 **SEC. 601. FINDINGS.**

17 Congress makes the following findings:

18 (1) Indian education in the United States is  
 19 chronically and systemically under-funded.

20 (2) Globally competitive tribally controlled col-  
 21 leges and universities are critical to the advancement  
 22 of Native Americans in the United States.

23 (3) Native language and culture education is a  
 24 critical component of Indian school curricula.

1 **SEC. 602. JOHNSON-O'MALLEY GRANTS.**

2       There are authorized to be appropriated, and there  
3 are appropriated, out of any money in the Treasury not  
4 otherwise appropriated, to carry out section 1 of the Act  
5 of April 16, 1934 (48 Stat. 596, Chapter 147; 25 U.S.C.  
6 452) (commonly known as the Johnson-O'Malley Act) the  
7 following amounts:

8           (1) \$24,000,000 for fiscal year 2007.

9           (2) \$26,000,000 for fiscal year 2008.

10          (3) \$28,000,000 for fiscal year 2009.

11          (4) \$30,000,000 for fiscal year 2010.

12          (5) \$33,000,000 for fiscal year 2011.

13 **SEC. 603. APPROPRIATIONS FOR INDIAN HIGHER EDU-**  
14 **CATION.**

15       (a) TRIBALLY CONTROLLED COLLEGE OR UNIVER-  
16 SITY ASSISTANCE ACT OF 1978.—The Tribally Controlled  
17 College or University Assistance Act of 1978 (25 U.S.C.  
18 1801 et seq.) is amended—

19           (1) in section 108(a)(2) (25 U.S.C.  
20 1808(a)(2)), by striking “\$6,000” and inserting  
21 “\$7,000”; and

22           (2) in section 110(a) (25 U.S.C. 1810(a)), by  
23 striking paragraph (2) and inserting the following:

24       “(2) There is authorized to be appropriated, and  
25 there is appropriated, out of any money in the Treasury

1 not otherwise appropriated, to carry out section 107 the  
 2 following amounts:

3 “(A) \$65,000,000 for fiscal year 2007.

4 “(B) \$71,000,000 for fiscal year 2008.

5 “(C) \$78,000,000 for fiscal year 2009.

6 “(D) \$85,000,000 for fiscal year 2010.

7 “(E) \$93,000,000 for fiscal year 2011.”.

8 (b) NAVAJO COMMUNITY COLLEGE ACT.—The mat-  
 9 ter preceding subparagraph (A) of section 5(b)(1) of the  
 10 Navajo Community College Act (25 U.S.C. 640c–1(b)(1)  
 11 et seq.) is amended to read as follows:

12 “(2)(A) There are authorized to be appro-  
 13 priated, and there are appropriated, out of any  
 14 money in the Treasury not otherwise appropriated,  
 15 for grants to the Navajo Community College  
 16 \$17,700,000 for fiscal year 2007, \$19,500,000 for  
 17 fiscal year 2008, \$21,500,000 for fiscal year 2009,  
 18 \$23,700,000 for fiscal year 2010, and \$26,100,000  
 19 for fiscal year 2011, to pay expenses incurred for—  
 20 ”.

21 **SEC. 604. LANGUAGE IMMERSION PROGRAMS.**

22 Subsection (e) of section 816 of the Native American  
 23 Programs Act of 1974 (42 U.S.C. 2992d) is amended to  
 24 read as follows:

1       “(e)(1) There are authorized to be appropriated, and  
2 there are appropriated, out of any money in the Treasury  
3 not otherwise appropriated, to carry out section 803C—

4               “(A) \$51,000,000 for fiscal year 2007, of which  
5       \$6,000,000 shall be available for language immer-  
6       sion programs under such section;

7               “(B) \$56,000,000 for fiscal year 2008, of which  
8       \$7,000,000 shall be available for language immer-  
9       sion programs under such section;

10              “(C) \$62,000,000 for fiscal year 2009, of which  
11       \$8,000,000 shall be available for language immer-  
12       sion programs under such section;

13              “(D) \$68,000,000 for fiscal year 2010, of which  
14       \$9,000,000 shall be available for language immer-  
15       sion programs under such section; and

16              “(E) \$79,000,000 for fiscal year 2011, of which  
17       \$11,000,000 shall be available for language immer-  
18       sion programs under such section.

19       “(2) In this subsection the term ‘language immersion  
20 program’ means a site-based educational program that  
21 provides a complete education through a Native American  
22 language with the specific goal of strengthening, revital-  
23 izing, or reestablishing a Native American language and  
24 culture of daily life.”.

# **TITLE VII—LIFE LONG LEARNING**

## **SEC. 701. FINDINGS.**

Congress makes the following findings:

(1) Education is important to every American at all stages of life.

(2) Today's economy requires workers to continue to improve their skills, knowledge, and abilities.

## **SEC. 702. JOB SKILL TRAINING PARTNERSHIPS.**

Title III of the Higher Education Act of 1965 (20 U.S.C. 1051 et seq.) is amended—

(1) by redesignating part F as part G; and

(2) by inserting after part E the following:

### **“PART VI—JOB SKILL TRAINING**

#### **“Subpart A—Job Skill Training in High-Growth**

#### **Occupations or Industries**

#### **“SEC. 371. JOB SKILL TRAINING IN HIGH-GROWTH OCCUPATIONS OR INDUSTRIES.**

“(a) GRANTS AUTHORIZED.—The Secretary is authorized to award grants, on a competitive basis, to eligible partnerships to enable the eligible partnerships to provide relevant job skill training in high-growth industries or occupations.

“(b) DEFINITIONS.—In this section:

1           “(1) ELIGIBLE PARTNERSHIP.—The term ‘eligi-  
2       ble partnership’ means a partnership—

3           “(A) between an institution of higher edu-  
4       cation and a local board (as such term is de-  
5       fined in section 101 of the Workforce Invest-  
6       ment Act of 1998); or

7           “(B) if an institution of higher education  
8       is located within a State that does not operate  
9       local boards, between the institution of higher  
10      education and a State board (as such term is  
11      defined in section 101 of the Workforce Invest-  
12      ment Act of 1998).

13          “(2) NONTRADITIONAL STUDENT.—The term  
14      ‘nontraditional student’ means a student who—

15           “(A) is independent, as defined in section  
16      480(d);

17           “(B) attends an institution of higher edu-  
18      cation—

19           “(i) on less than a full-time basis;

20           “(ii) via evening, weekend, modular,  
21      or compressed courses; or

22           “(iii) via distance learning methods;  
23      or

24           “(C) has delayed enrollment at an institu-  
25      tion of higher education.

1 “(3) INSTITUTION OF HIGHER EDUCATION.—

2 The term ‘institution of higher education’ means an  
3 institution of higher education, as defined in section  
4 101(b), that offers a 1- or 2-year program of study  
5 leading to a degree or certificate.

6 “(c) APPLICATION.—

7 “(1) IN GENERAL.—Each eligible partnership  
8 that desires a grant under this section shall submit  
9 an application to the Secretary at such time, in such  
10 manner, and accompanied by such additional infor-  
11 mation as the Secretary may require.

12 “(2) CONTENTS.—Each application submitted  
13 under paragraph (1) shall include a description of—

14 “(A) how the eligible partnership, through  
15 the institution of higher education, will provide  
16 relevant job skill training for students to enter  
17 high-growth occupations or industries;

18 “(B) local high-growth occupations or in-  
19 dustries; and

20 “(C) the need for qualified workers to meet  
21 the local demand of high-growth occupations or  
22 industries.

23 “(d) AWARD BASIS.—In awarding grants under this  
24 section, the Secretary shall—



1           “(1) ensure an equitable distribution of grant  
2 funds under this section among urban and rural  
3 areas of the United States; and

4           “(2) take into consideration the capability of  
5 the institution of higher education—

6                 “(A) to offer relevant, high quality instruc-  
7 tion and job skill training for students entering  
8 a high-growth occupation or industry;

9                 “(B) to involve the local business commu-  
10 nity and to place graduates in the community  
11 in employment in high-growth occupations or  
12 industries;

13                 “(C) to assist students in obtaining loans  
14 under section 428L, if appropriate, or other  
15 forms of student financial assistance;

16                 “(D) to serve nontraditional or low-income  
17 students, or adult or displaced workers; and

18                 “(E) to serve students from rural or re-  
19 mote communities.

20           “(e) USE OF FUNDS.—Grant funds provided under  
21 this section may be used—

22                 “(1) to expand or create academic programs or  
23 programs of training that provide relevant job skill  
24 training for high-growth occupations or industries;

1           “(2) to purchase equipment which will facilitate  
2           the development of academic programs or programs  
3           of training that provide training for high-growth oc-  
4           cupations or industries;

5           “(3) to support outreach efforts that enable  
6           students to attend institutions of higher education  
7           with academic programs or programs of training fo-  
8           cused on high-growth occupations or industries;

9           “(4) to expand or create programs for distance,  
10          evening, weekend, modular, or compressed learning  
11          opportunities that provide relevant job skill training  
12          in high-growth occupations or industries;

13          “(5) to build partnerships with local businesses  
14          in high-growth occupations or industries; and

15          “(6) for other uses that the Secretary deter-  
16          mines to be consistent with the intent of this section.

17          “(f) REQUIREMENTS.—

18                 “(1) FISCAL AGENT.—For the purpose of this  
19                 section, the institution of higher education in an eli-  
20                 gible partnership shall serve as the fiscal agent and  
21                 grant recipient for the eligible partnership.

22                 “(2) DURATION.—The Secretary shall award  
23                 grants under this section for a 1-year period.

24                 “(3) AVAILABILITY OF GRANT FUNDS.—Grant  
25                 funds awarded under this section shall be available

1 for not more than 18 months unless, at the Sec-  
 2 retary's discretion, the Secretary extends the avail-  
 3 ability of the grant funds.

4 “(4) SUPPLEMENT, NOT SUPPLANT.—Funds  
 5 made available under this section shall be used to  
 6 supplement and not supplant other Federal, State,  
 7 and local funds available to the eligible partnership  
 8 for carrying out the activities described in subsection  
 9 (e).”.

10 **SEC. 703. SMALL BUSINESS INNOVATION PARTNERSHIPS.**

11 Part F of title III of the Higher Education Act (as  
 12 amended by section 702) is further amended by adding  
 13 at the end the following:

14 **“Subpart B—Small Business Innovation Partnership**  
 15 **Grants**

16 **“SEC. 375. SMALL BUSINESS INNOVATION PARTNERSHIP**  
 17 **GRANTS.**

18 “(a) GRANTS AUTHORIZED.—The Secretary is au-  
 19 thorized to award grants to eligible partnerships to enable  
 20 the eligible partnerships to provide training and relevant  
 21 job skills to small business owners or operators for the  
 22 purpose of facilitating small business development in the  
 23 communities served by the eligible partnerships.

24 “(b) DEFINITION OF ELIGIBLE PARTNERSHIP.—In  
 25 this section the term ‘eligible partnership’ means a part-

nership between or among an institution of higher education and 1 or more entities that the Secretary, in consultation with the Administrator of the Small Business Administration, identifies as facilitating small business development, which may include—

“(1) a community development financial institution;

“(2) a small business development center; or

“(3) a microenterprise lending institution.

“(c) AWARD BASIS.—The Secretary shall award grants under this section on the basis of—

“(1) the ability of an eligible partnership to facilitate small business development; and

“(2)(A) the ability of an eligible partnership to serve a rural community;

“(B) the ability of an eligible partnership to serve a low-income population; or

“(C) other criteria developed by the Secretary in consultation with the Administrator of the Small Business Administration.

“(d) LIMITATION.—Of the funds appropriated under section 378 for this part for a fiscal year, the Secretary is authorized to use not more than \$15,000,000 of such funds to carry out this section.”.

1 **SEC. 704. JOB SKILL TRAINING AUTHORIZATION OF APPRO-**  
 2 **PRIATIONS.**

3 Part F of title III of the Higher Education Act (as  
 4 amended by section 703) is further amended by adding  
 5 at the end the following:

6 **“Subpart C—Administrative Provisions**

7 **“SEC. 378. AUTHORIZATION OF APPROPRIATIONS.**

8 “There are authorized to be appropriated to carry out  
 9 this part \$100,000,000 for fiscal year 2007 and such sums  
 10 as may be necessary for each of the 4 succeeding fiscal  
 11 years.”.

12 **SEC. 705. DISTANCE LEARNING.**

13 (a) GRANTS AUTHORIZED.—The Secretary is author-  
 14 ized to award grants to State educational agencies and  
 15 local educational agencies to enable such educational agen-  
 16 cies to—

17 (1) establish, develop, expand, and supplement  
 18 programs for distance learning through the Internet;  
 19 and

20 (2) acquire the technology for such programs.

21 (b) APPLICATION.—A State educational agency or  
 22 local educational agency desiring a grant under this sec-  
 23 tion shall submit an application to the Secretary at such  
 24 time, in such manner, and containing such information as  
 25 the Secretary may require.

1 (c) AUTHORIZATION OF APPROPRIATIONS.—There is  
2 authorized to be appropriated to carry out this section  
3 \$100,000,000 for each of the fiscal years 2007 through  
4 2011.

5 **TITLE VIII—EDUCATION TAX**  
6 **INCENTIVES**

7 **SEC. 800. FINDINGS.**

8 Congress finds the following:

9 (1) The Department of Labor statistics show  
10 that 90 percent of the fastest growing jobs require  
11 some post-secondary education. According to the Bu-  
12 reau of Labor Statistics, jobs requiring science, engi-  
13 neering, or technical training will increase 24 per-  
14 cent between 2004 and 2014 to 6,300,000.

15 (2) An Organization for Economic Co-operation  
16 and Development study has shown that college grad-  
17 uates in the United States earn nearly twice as  
18 much as workers with just a secondary school di-  
19 ploma, one of the highest rates in the world.

20 (3) Reports have shown that for American fam-  
21 ilies with the lowest income, if a student from such  
22 a family were to attend a public 4-year institution  
23 of higher education in the United States, the stu-  
24 dent's net cost to attend would represent a high per-  
25 centage of the family's income annually.

1           (4) Fifty percent of all undergraduates received  
 2           some Federal financial aid in the 2003–2004 aca-  
 3           demic year, up from 40 percent in the 2000–2001  
 4           academic year.

5           (5) Tax incentives support higher education and  
 6           help families make education more affordable. The  
 7           way families and students receive these incentives is  
 8           complex, making it difficult to determine what the  
 9           right choices are.

10          (6) To support K–16 education, more options  
 11          are needed for families to use savings penalty-free  
 12          for college expenses.

## 13       **Subtitle A—Benefits for Current** 14       **Expenses**

### 15       **SEC. 801. REFUNDABLE HIGHER EDUCATION CREDIT.**

16          (a) IN GENERAL.—Subpart C of part IV of sub-  
 17          chapter A of chapter 1 of the Internal Revenue Code of  
 18          1986 (relating to refundable credits) is amended by redес-  
 19          ignating section 36 as section 37 and by inserting after  
 20          section 35 the following new section:

#### 21       **“SEC. 36. HIGHER EDUCATION CREDIT.**

22          “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
 23          dividual, there shall be allowed as a credit against the tax  
 24          imposed by this subtitle for the taxable year an amount

1 equal to the qualified tuition and related expenses paid  
2 by the taxpayer during the taxable year.

3 “(b) LIMITATIONS.—

4 “(1) PER STUDENT LIMITATION.—The amount  
5 of the credit allowable under subsection (a) with re-  
6 spect to any student shall not exceed so much of the  
7 qualified tuition and related expenses paid by the  
8 taxpayer during the taxable year (for education fur-  
9 nished to the student during any academic period  
10 beginning in such taxable year) as does not exceed  
11 \$2,000.

12 “(2) LIMITATION BASED ON MODIFIED AD-  
13 JUSTED GROSS INCOME.—

14 “(A) IN GENERAL.—The amount which  
15 would (but for this paragraph) be taken into ac-  
16 count under subsection (a) for the taxable year  
17 shall be reduced (but not below zero) by the  
18 amount determined under subparagraph (B).

19 “(B) AMOUNT OF REDUCTION.—The  
20 amount determined under this subparagraph is  
21 the amount which bears the same ratio to the  
22 amount which would be so taken into account  
23 as—

24 “(i) the excess of—



1 “(I) the taxpayer’s modified ad-  
 2 justed gross income for such taxable  
 3 year, over

4 “(II) \$40,000 (\$80,000 in the  
 5 case of a joint return), bears to

6 “(ii) \$10,000 (\$20,000 in the case of  
 7 a joint return).

8 “(C) MODIFIED ADJUSTED GROSS IN-  
 9 COME.—The term ‘modified adjusted gross in-  
 10 come’ means the adjusted gross income of the  
 11 taxpayer for the taxable year increased by any  
 12 amount excluded from gross income under sec-  
 13 tion 911, 931, or 933.

14 “(c) DEFINITIONS.—For purposes of this section—

15 “(1) QUALIFIED TUITION AND RELATED EX-  
 16 PENSES.—

17 “(A) IN GENERAL.—The term ‘qualified  
 18 tuition and related expenses’ means—

19 “(i) tuition, fees, books, supplies, and  
 20 equipment required for the enrollment or  
 21 attendance of—

22 “(I) the taxpayer,

23 “(II) the taxpayer’s spouse, or

24 “(III) any dependent of the tax-  
 25 payer with respect to whom the tax-

1                   payer is allowed a deduction under  
2                   section 151,  
3                   at an eligible educational institution for  
4                   courses of instruction of such individual at  
5                   such institution, and

6                   “(ii) expenses for special needs serv-  
7                   ices in the case of an individual with spe-  
8                   cial needs which are incurred in connection  
9                   with such enrollment or attendance.

10                  “(B) EXCEPTIONS.—Except as otherwise  
11                  provided in this section, such term does not in-  
12                  clude—

13                       “(i) expenses with respect to any  
14                       course or other education involving sports,  
15                       games, or hobbies, unless such course or  
16                       other education is part of the individual’s  
17                       degree program, and

18                       “(ii) student activity fees, athletic  
19                       fees, insurance expenses, or other expenses  
20                       unrelated to an individual’s academic  
21                       course of instruction.

22                  “(2) ELIGIBLE EDUCATIONAL INSTITUTION.—  
23                  The term ‘eligible educational institution’ means an  
24                  institution—

1           “(A) which is described in section 481 of  
 2           the Higher Education Act of 1965 (20 U.S.C.  
 3           1088), as in effect on the date of the enactment  
 4           of the Taxpayer Relief Act of 1997, and

5           “(B) which is eligible to participate in a  
 6           program under title IV of such Act.

7           “(d) SPECIAL RULES.—

8           “(1) IDENTIFICATION REQUIREMENT.—No  
 9           credit shall be allowed under subsection (a) to a tax-  
 10          payer with respect to the qualified tuition and re-  
 11          lated expenses of an individual unless the taxpayer  
 12          includes the name and taxpayer identification num-  
 13          ber of such individual on the return of tax for the  
 14          taxable year.

15          “(2) ADJUSTMENT FOR CERTAIN SCHOLAR-  
 16          SHIPS, ETC.—The amount of qualified tuition and  
 17          related expenses otherwise taken into account under  
 18          subsection (a) with respect to an individual for an  
 19          academic period shall be reduced (before the applica-  
 20          tion of subsection (b)) by the sum of any amounts  
 21          paid for the benefit of such individual which are allo-  
 22          cable to such period as—

23                 “(A) a qualified scholarship which is ex-  
 24                 cludable from gross income under section 117,

1           “(B) an educational assistance allowance  
 2           under chapter 30, 31, 32, 34, or 35 of title 38,  
 3           United States Code, or under chapter 1606 of  
 4           title 10, United States Code, and

5           “(C) a payment (other than a gift, be-  
 6           quest, devise, or inheritance within the meaning  
 7           of section 102(a)) for such individual’s edu-  
 8           cational expenses, or attributable to such indi-  
 9           vidual’s enrollment at an eligible educational in-  
 10          stitution, which is excludable from gross income  
 11          under any law of the United States.

12          “(3) TREATMENT OF EXPENSES PAID BY DE-  
 13          PENDENT.—If a deduction under section 151 with  
 14          respect to an individual is allowed to another tax-  
 15          payer for a taxable year beginning in the calendar  
 16          year in which such individual’s taxable year begins—

17               “(A) no credit shall be allowed under sub-  
 18               section (a) to such individual for such individ-  
 19               ual’s taxable year, and

20               “(B) qualified tuition and related expenses  
 21               paid by such individual during such individual’s  
 22               taxable year shall be treated for purposes of  
 23               this section as paid by such other taxpayer.

24          “(4) TREATMENT OF CERTAIN PREPAY-  
 25          MENTS.—If qualified tuition and related expenses

1 are paid by the taxpayer during a taxable year for  
2 an academic period which begins during the first 3  
3 months following such taxable year, such academic  
4 period shall be treated for purposes of this section  
5 as beginning during such taxable year.

6 “(5) DENIAL OF DOUBLE BENEFIT.—No credit  
7 shall be allowed under this section for any expense  
8 for which a deduction is allowed under any other  
9 provision of this chapter.

10 “(6) NO CREDIT FOR MARRIED INDIVIDUALS  
11 FILING SEPARATE RETURNS.—If the taxpayer is a  
12 married individual (within the meaning of section  
13 7703), this section shall apply only if the taxpayer  
14 and the taxpayer’s spouse file a joint return for the  
15 taxable year.

16 “(7) NONRESIDENT ALIENS.—If the taxpayer is  
17 a nonresident alien individual for any portion of the  
18 taxable year, this section shall apply only if such in-  
19 dividual is treated as a resident alien of the United  
20 States for purposes of this chapter by reason of an  
21 election under subsection (g) or (h) of section 6013.

22 “(e) INFLATION ADJUSTMENTS.—

23 “(1) DOLLAR LIMITATION ON AMOUNT OF  
24 CREDIT.—

1           “(A) IN GENERAL.—In the case of a tax-  
 2           able year beginning after 2007, the \$2,000  
 3           amount under subsection (b)(1) shall be in-  
 4           creased by an amount equal to—

5                   “(i) such dollar amount, multiplied by

6                   “(ii) the cost-of-living adjustment de-  
 7                   termined under section 1(f)(3) for the cal-  
 8                   endar year in which the taxable year be-  
 9                   gins, determined by substituting ‘calendar  
 10                  year 2006’ for ‘calendar year 1992’ in sub-  
 11                  paragraph (B) thereof.

12           “(B) ROUNDING.—If any amount as ad-  
 13           justed under subparagraph (A) is not a multiple  
 14           of \$100, such amount shall be rounded to the  
 15           next lowest multiple of \$100.

16           “(2) INCOME LIMITS.—

17           “(A) IN GENERAL.—In the case of a tax-  
 18           able year beginning after 2001, the \$40,000  
 19           and \$80,000 amounts in subsection (b)(2) shall  
 20           each be increased by an amount equal to—

21                   “(i) such dollar amount, multiplied by

22                   “(ii) the cost-of-living adjustment de-  
 23                   termined under section 1(f)(3) for the cal-  
 24                   endar year in which the taxable year be-  
 25                   gins, determined by substituting ‘calendar

1                   year 2000’ for ‘calendar year 1992’ in sub-  
2                   paragraph (B) thereof.

3                   “(B) ROUNDING.—If any amount as ad-  
4                   justed under subparagraph (A) is not a multiple  
5                   of \$1,000, such amount shall be rounded to the  
6                   next lowest multiple of \$1,000.

7                   “(f) REGULATIONS.—The Secretary may prescribe  
8                   such regulations as may be necessary or appropriate to  
9                   carry out this section, including regulations providing for  
10                  a recapture of the credit allowed under this section in  
11                  cases where there is a refund in a subsequent taxable year  
12                  of any amount which was taken into account in deter-  
13                  mining the amount of such credit.”.

14                  (b) CONFORMING AMENDMENTS.—

15                         (1) REPEAL OF HOPE AND LIFETIME LEARNING  
16                         CREDITS.—

17                                 (A) Subpart A of part IV of subchapter A  
18                                 of chapter 1 of the Internal Revenue Code of  
19                                 1986 is amended by striking section 25A.

20                                 (B) Subparagraph (B) of section 72(t)(7)  
21                                 of such Code is amended by striking “section  
22                                 25A(g)(2)” and inserting “section 36(e)(2)”.

23                                 (C) Subparagraph (A) of section 135(d)(2)  
24                                 of such Code is amended by striking “section  
25                                 25A” and inserting “section 36”.

1 (D) Section 221(d) of such Code is amend-  
2 ed—

3 (i) by striking “section 25A(g)(2)” in  
4 paragraph (2)(B) and inserting “section  
5 36(e)(2)”,

6 (ii) by striking “section 25A(f)(2)” in  
7 paragraph (2)(B) and inserting “section  
8 36(d)(2)”, and

9 (iii) by striking “section 25A(b)(3)”  
10 in paragraph (3) and inserting “section  
11 36(d)(1)(B)(iii)”.

12 (E) Section 222 of such Code is amend-  
13 ed—

14 (i) by striking “section 25A” in sub-  
15 section (c)(2)(A) and inserting “section  
16 36”,

17 (ii) by striking “section 25A(f)” in  
18 subsection (d)(1) and inserting “section  
19 36(d)(1)”, and

20 (iii) by striking “section 25A(g)(2)”  
21 in subsection (d)(1) and inserting “section  
22 36(e)(2)”.

23 (F) Section 529 of such Code is amend-  
24 ed—



1 (i) by striking “section 25A(g)(2)” in  
 2 subclause (I) of subsection (c)(3)(B)(v)  
 3 and inserting “section 36(e)(2)”,

4 (ii) by striking “section 25A” in sub-  
 5 clause (II) of subsection (c)(3)(B)(v) and  
 6 inserting “section 36”, and

7 (iii) by striking “section 25A(b)(3)”  
 8 in clause (i) of subsection (e)(3)(B) and in-  
 9 serting “section 36(d)(1)(B)(iii)”.

10 (G) Section 530 of such Code is amend-  
 11 ed—

12 (i) by striking “section 25A(g)(2)” in  
 13 subclause (I) of subsection (d)(2)(C)(i) and  
 14 inserting “section 36(e)(2)”,

15 (ii) by striking “section 25A” in sub-  
 16 clause (II) of subsection (d)(2)(C)(i) and  
 17 inserting “section 36”, and

18 (iii) by striking “section 25A(g)(2)”  
 19 in clause (iii) of subsection (d)(4)(B) and  
 20 inserting “section 36(e)(2)”.

21 (H) Subsection (e) of section 6050S of  
 22 such Code is amended by striking “section  
 23 25A” and inserting “section 36”.

1 (I) Subparagraph (J) of section 6213(g)(2)  
 2 of such Code is amended by striking “section  
 3 25A(g)(1)” and inserting “section 36(e)(1)”.

4 (J) The table of sections for subpart A of  
 5 part IV of subchapter A of chapter 1 of such  
 6 Code is amended by striking the item relating  
 7 to section 25A.

8 (2) REFUNDABILITY OF CREDIT.—Paragraph  
 9 (2) of section 1324(b) of title 31, United States  
 10 Code, is amended by inserting before the period “or  
 11 enacted by the Education Competitiveness Act of  
 12 2006”.

13 (c) CLERICAL AMENDMENT.—The table of sections  
 14 for subpart C of part IV of subchapter A of chapter 1  
 15 of such Code is amended by striking the item relating to  
 16 section 36 and inserting the following:

“Sec. 36. Higher education credit.  
 “Sec. 37. Overpayments of tax.”.

17 (d) EFFECTIVE DATE.—

18 (1) IN GENERAL.—Except as provided in para-  
 19 graph (2), the amendments made by this section  
 20 shall apply to expenses paid after December 31,  
 21 2006, for education furnished in academic periods  
 22 beginning after such date.

1           (2) EXCEPTION.—The amendment made by  
 2           subsection (b)(2) shall take effect on the date of the  
 3           enactment of this Act.

4   **SEC. 802. INCREASED REPAYMENT PERIOD FOR HIGHER**  
 5                           **EDUCATION LOANS FROM QUALIFIED RE-**  
 6                           **TIREMENT PLANS.**

7           (a) IN GENERAL.—Section 72(p)(2)(B) of the Inter-  
 8           nal Revenue Code of 1986 (relating to requirement that  
 9           loan be repayable within 5 years) is amended by adding  
 10          at the end the following new clause:

11                       “(iii) EXCEPTION FOR EDUCATION  
 12                       LOANS.—In the case of any loan used for  
 13                       qualified higher education expenses (as de-  
 14                       fined in subsection (t)(7)(A), clause (i)  
 15                       shall be applied by substituting ‘10 years’  
 16                       for ‘5 years’.”.

17          (b) EFFECTIVE DATE.—The amendment made by  
 18          this section shall apply to loans made after the date of  
 19          the enactment of this Act.

20   **SEC. 803. INCREASED EMPLOYER PROVIDED EDUCATIONAL**  
 21                           **ASSISTANCE.**

22          (a) IN GENERAL.—Paragraph (2) of section 127(a)  
 23          of the Internal Revenue Code of 1986 (relating to exclu-  
 24          sion from gross income) is amended to read as follows:

25                       “(2) MAXIMUM EXCLUSION.—

1           “(A) IN GENERAL.—If, but for this para-  
 2 graph, this section would exclude from gross in-  
 3 come more than \$7,000 of educational assist-  
 4 ance furnished to an individual during a cal-  
 5 endar year, this section shall apply only to the  
 6 first \$7,000 of such assistance so furnished.

7           “(B) INFLATION ADJUSTMENT.—

8           “(i) IN GENERAL.—In the case of a  
 9 calendar year beginning after 2007, the  
 10 \$7,000 amount in subparagraph (A) shall  
 11 be increased by an amount equal to—

12                   “(I) such dollar amount, multi-  
 13 plied by

14                   “(II) the cost-of-living adjust-  
 15 ment determined under section 1(f)(3)  
 16 for the calendar year, determined by  
 17 substituting ‘calendar year 2006’ for  
 18 ‘calendar year 1992’ in subparagraph  
 19 (B) thereof.

20           “(ii) ROUNDING.—If any amount as  
 21 adjusted under clause (i) is not a multiple  
 22 of \$100, such amount shall be rounded to  
 23 the next lowest multiple of \$100.”.

1 (b) EFFECTIVE DATE.—The amendment made by  
 2 this section shall apply to taxable years beginning after  
 3 December 31, 2006.

4 **SEC. 804. ABOVE-THE-LINE DEDUCTION FOR CERTAIN EX-**  
 5 **PENSES OF ELEMENTARY AND SECONDARY**  
 6 **SCHOOL TEACHERS.**

7 (a) IN GENERAL.—Subparagraph (D) of section  
 8 62(a)(2) of the Internal Revenue Code of 1986 (relating  
 9 to certain trade and business deductions of employees) is  
 10 amended by striking “In the case” and all that follows  
 11 through “\$250,” and insert the following:

12 “(i) IN GENERAL.—The deductions al-  
 13 lowed by section 162 which consist of ex-  
 14 penses, not in excess of \$500,”.

15 (b) INFLATION ADJUSTMENT.—Section 62(a)(2)(D)  
 16 of such Code, as amended by subsection(a), is amended  
 17 by adding at the end the following new clause:

18 “(ii) INFLATION ADJUSTMENT.—In  
 19 the case of a taxable year beginning after  
 20 2007, the \$500 amount under clause (i)  
 21 shall be increased by an amount equal to—

22 “(I) such dollar amount, multi-  
 23 plied by

24 “(II) the cost-of-living adjust-  
 25 ment determined under section 1(f)(3)

1 for the calendar year in which the tax-  
 2 able year begins, determined by sub-  
 3 stituting ‘calendar year 2006’ for ‘cal-  
 4 endar year 1992’ in subparagraph (B)  
 5 thereof.

6 If any amount as adjusted under this  
 7 clause is not a multiple of \$10, such  
 8 amount shall be rounded to the next lowest  
 9 multiple of \$10.”.

10 (c) EFFECTIVE DATE.—The amendments made by  
 11 this section shall apply to taxable years beginning after  
 12 December 31, 2006.

## 13 **Subtitle B—Benefits for Future** 14 **Expenses**

### 15 **SEC. 811. YOUNG SAVERS ACCOUNTS.**

16 (a) IN GENERAL.—Section 408A of the Internal Rev-  
 17 enue Code of 1986 (relating to Roth IRAs) is amended  
 18 by adding at the end the following new subsection:

19 “(g) YOUNG SAVERS ACCOUNTS.—

20 “(1) IN GENERAL.—Except as provided in this  
 21 subsection, a young savers account shall be treated  
 22 in the same manner as a Roth IRA.

23 “(2) YOUNG SAVERS ACCOUNT.—For purposes  
 24 of this subsection, the term ‘young savers account’  
 25 means, with respect to any taxable year, a Roth IRA

1 which is established and maintained on behalf of an  
 2 individual who has not attained the age of 22 before  
 3 the close of the taxable year.

4 “(3) CONTRIBUTION LIMITS.—In the case of  
 5 any contributions for any taxable year to 1 or more  
 6 young savers accounts established and maintained  
 7 on behalf of an individual, each of the following con-  
 8 tribution limits for the taxable year shall be in-  
 9 creased as follows:

10 “(A) The contribution limit applicable to  
 11 the individual under subsection (c)(2) shall be  
 12 increased by the aggregate amount of qualified  
 13 parental contributions to such accounts for the  
 14 taxable year.

15 “(B) The contribution limits applicable to  
 16 the young savers accounts under subsection  
 17 (a)(1) or (b)(2)(B) of section 408, whichever is  
 18 appropriate, shall be increased by the dollar  
 19 amount in effect under section 219(b)(1)(A) for  
 20 the taxable year.

21 “(4) QUALIFIED PARENTAL CONTRIBUTIONS.—  
 22 For purposes of this subsection—

23 “(A) IN GENERAL.—The term ‘qualified  
 24 parental contribution’ means, with respect to  
 25 any taxable year, a contribution by an indi-

vidual to a young savers account established  
and maintained on behalf of an individual  
who—

“(i) is the child of the individual making the contribution, and

“(ii) with respect to whom a deduction for an additional exemption is allowable for the taxable year under section 151(c) to the individual making the contribution.

“(B) DOLLAR LIMITATIONS.—

“(i) IN GENERAL.—The aggregate amount of qualified parental contributions which may be made for any taxable year on behalf of an individual shall not exceed the dollar amount in effect under section 219(b)(1)(A) for the taxable year.

“(ii) LIMIT ON EACH PARENT.—The aggregate amount of qualified parental contributions which an individual may make for any taxable year on behalf of 1 or more of the individual’s children shall not exceed the contribution limit applicable to the individual under subsection (c)(2) for the taxable year, reduced by any con-



1           tributions made by or on behalf of the indi-  
 2           vidual to any Roth IRA established and  
 3           maintained on behalf of the individual.

4           “(5) QUALIFIED DISTRIBUTIONS FOR HIGHER  
 5 EDUCATION EXPENSES.—

6           “(A) IN GENERAL.—In the case of any  
 7           young savers account, for purposes of sub-  
 8           section (d), the term ‘qualified distribution’ in-  
 9           cludes any qualified higher education distribu-  
 10          tion.

11          “(B) QUALIFIED HIGHER EDUCATION DIS-  
 12          TRIBUTION.—For purposes of subparagraph  
 13          (A), the term ‘qualified higher education dis-  
 14          tribution’ means any distribution to which sub-  
 15          paragraph (E) of section 72(t)(2) applies.”.

16          (b) EFFECTIVE DATE.—The amendments made by  
 17 this section shall apply to taxable years beginning after  
 18 December 31, 2006.

## 19           **Subtitle C—Benefits for Past** 20           **Expenses**

### 21   **SEC. 821. INCREASED DEDUCTION FOR STUDENT LOAN IN-** 22           **TEREST.**

23          (a) INCREASE IN DEDUCTION AMOUNT.—Paragraph  
 24 (1) of section 221(b) of the Internal Revenue Code of

1 1986 (relating to maximum deduction) is amended to read  
 2 as follows:

3 “(1) IN GENERAL.—Except as provided in para-  
 4 graph (2), the deduction allowed by subsection (a)  
 5 for the taxable year shall not exceed \$3,000.”.

6 (b) EFFECTIVE DATE.—The amendment made by  
 7 this section shall apply to taxable years beginning after  
 8 December 31, 2006.

## 9 **Subtitle D—Other Tax Incentives**

### 10 **SEC. 831. EXTENSION OF QZABS AND EXPANSION TO FI-** 11 **NANCING CERTAIN POSTSECONDARY INSTI-** 12 **TUTIONS.**

13 (a) EXTENSION.—Section 1397E(e)(1) of the Inter-  
 14 nal Revenue Code of 1986 (relating to national limitation)  
 15 is amended by striking “and 2005” and inserting “2005,  
 16 2006, and 2007”.

17 (b) EXPANSION.—Section 1397E(d)(4) of the Inter-  
 18 nal Revenue Code of 1986 (defining qualified zone acad-  
 19 emy) is amended—

20 (1) by striking “The term” in subparagraph  
 21 (A) and inserting “Except as provided in subpara-  
 22 graph (C), the term”, and

23 (2) by adding at the end of the following new  
 24 subparagraph:

1                   “(C) TRIBALLY CONTROLLED COLLEGE OR  
2                   UNIVERSITY.—

3                   “(i) IN GENERAL.—The term ‘quali-  
4                   fied zone academy’ means any tribally con-  
5                   trolled college or university if—

6                   “(I) such college or university is  
7                   designed, in cooperation with busi-  
8                   ness, to better prepare students for  
9                   the rigors of the increasingly complex  
10                  workforce, and

11                  “(II) has an endowment of not  
12                  more than \$25,000,000.

13                  “(ii) TRIBALLY CONTROLLED COL-  
14                  LEGE OR UNIVERSITY.—The term ‘tribally  
15                  controlled college or university’ has the  
16                  meaning given such term by section  
17                  2(a)(4) of the Tribally Controlled College  
18                  or University Assistance Act of 1978 (25  
19                  U.S.C. 1801(a)(4)).

20                  “(iii) ROLE OF INDIAN TRIBE.—For  
21                  purposes of this section, in applying para-  
22                  graphs (1)(A), (1)(C)(iii), and (2), ‘Indian  
23                  tribe’ shall be substituted for ‘eligible local  
24                  education agency’ each place it appears.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to bonds issued after December  
 3 31, 2005.

4 **SEC. 832. ADDITIONAL STANDARD DEDUCTION FOR REAL**  
 5 **PROPERTY TAXES FOR NONITEMIZERS.**

6 (a) IN GENERAL.—Section 63(c)(1) (defining stand-  
 7 ard deduction) is amended by striking “and” at the end  
 8 of subparagraph (A), by striking the period at the end  
 9 of subparagraph (B) and inserting “, and”, and by adding  
 10 at the end the following new subparagraph:

11 “(C) the real property tax deduction.”.

12 (b) DEFINITION.—Section 63(c) is amended by add-  
 13 ing at the end the following new paragraph:

14 “(8) REAL PROPERTY TAX DEDUCTION.—For  
 15 purposes of paragraph (1), the real property tax de-  
 16 duction is so much of the amount of State and local  
 17 real property taxes (within the meaning of section  
 18 164) paid or accrued by the taxpayer during the tax-  
 19 able year which do not exceed \$500 (\$1,000 in the  
 20 case of a joint return).”.

21 (c) EFFECTIVE DATE.—The amendments made by  
 22 this section shall apply to taxable years beginning after  
 23 December 31, 2006.

1 **SEC. 833. EXTENSION AND EXPANSION OF CHARITABLE**  
 2 **CONTRIBUTION ALLOWED FOR SCIENTIFIC**  
 3 **PROPERTY USED FOR RESEARCH AND FOR**  
 4 **COMPUTER TECHNOLOGY AND EQUIPMENT**  
 5 **USED FOR EDUCATIONAL PURPOSES.**

6 (a) SCIENTIFIC PROPERTY USED FOR RESEARCH.—

7 (1) IN GENERAL.—Clause (ii) of section  
 8 170(e)(4)(B) (defining qualified research contribu-  
 9 tions) is amended by inserting “or assembled” after  
 10 “constructed”.

11 (2) CONFORMING AMENDMENT.—Clause (iii) of  
 12 section 170(e)(4)(B) is amended by inserting “or as-  
 13 sembling” after “construction”.

14 (b) COMPUTER TECHNOLOGY AND EQUIPMENT FOR  
 15 EDUCATIONAL PURPOSES.—

16 (1) IN GENERAL.—Clause (ii) of section  
 17 170(e)(6)(B) is amended by inserting “or assem-  
 18 bled” after “constructed” and “or assembling” after  
 19 “construction”.

20 (2) SPECIAL RULE EXTENDED.—Section  
 21 170(e)(6)(G) is amended by striking “2005” and in-  
 22 serting “2007”.

23 (3) CONFORMING AMENDMENTS.—Subpara-  
 24 graph (D) of section 170(e)(6) is amended by insert-  
 25 ing “or assembled” after “constructed” and “or as-  
 26 sembling” after “construction”.

1       (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to taxable years beginning after  
 3 December 31, 2005.

4       **SEC. 834. MODIFICATION OF CHARITABLE DEDUCTION FOR**  
 5                               **CONTRIBUTIONS OF BOOK INVENTORY.**

6       (a) IN GENERAL.—Subparagraph (D) of section  
 7 170(e)(3) (relating to special rule for certain contributions  
 8 of inventory and other property) is amended to read as  
 9 follows:

10                               “(D) SPECIAL RULE FOR CONTRIBUTIONS  
 11                               OF BOOK INVENTORY FOR EDUCATIONAL PUR-  
 12                               POSES.—

13                               “(i) CONTRIBUTIONS OF BOOK INVEN-  
 14                               TORY.—In determining whether a qualified  
 15                               book contribution is a qualified contribu-  
 16                               tion, subparagraph (A) shall be applied  
 17                               without regard to whether—

18                               “(I) the donee is an organization  
 19                               described in the matter preceding  
 20                               clause (i) of subparagraph (A), and

21                               “(II) the property is to be used  
 22                               by the donee solely for the care of the  
 23                               ill, the needy, or infants.

24                               “(ii) AMOUNT OF REDUCTION.—Not-  
 25                               withstanding subparagraph (B), the

1 amount of the reduction determined under  
 2 paragraph (1)(A) shall not exceed the  
 3 amount by which the fair market value of  
 4 the contributed property (as determined by  
 5 the taxpayer using a bona fide published  
 6 market price for such book) exceeds twice  
 7 the basis of such property.

8 “(iii) QUALIFIED BOOK CONTRIBU-  
 9 TION.—For purposes of this paragraph,  
 10 the term ‘qualified book contribution’  
 11 means a charitable contribution of books,  
 12 but only if the requirements of clauses (iv)  
 13 and (v) are met.

14 “(iv) IDENTITY OF DONEE.—The re-  
 15 quirement of this clause is met if the con-  
 16 tribution is to an organization—

17 “(I) described in paragraph  
 18 (6)(B)(i), or

19 “(II) described in section  
 20 501(c)(3) and exempt from tax under  
 21 section 501(a) (other than a private  
 22 foundation, as defined in section  
 23 509(a), which is not an operating  
 24 foundation, as defined in section  
 25 4942(j)(3)), which is organized pri-

1 marily to make books available to the  
 2 general public at no cost or to operate  
 3 a literacy program.

4 “(v) CERTIFICATION BY DONEE.—The  
 5 requirement of this clause is met if, in ad-  
 6 dition to the certifications required by sub-  
 7 paragraph (A) (as modified by this sub-  
 8 paragraph), the donee certifies in writing  
 9 that—

10 “(I) the books are suitable, in  
 11 terms of currency, content, and quan-  
 12 tity, for use in the donee’s educational  
 13 programs, and

14 “(II) the donee will use the books  
 15 in its educational programs.

16 “(vi) BONA FIDE PUBLISHED MARKET  
 17 PRICE.—For purposes of this subpara-  
 18 graph, the term ‘bona fide published mar-  
 19 ket price’ means, with respect to any book,  
 20 a price—

21 “(I) determined using the same  
 22 printing and edition,

23 “(II) determined in the usual  
 24 market in which such a book has been  
 25 customarily sold by the taxpayer, and



1 “(III) for which the taxpayer can  
2 demonstrate to the satisfaction of the  
3 Secretary that the taxpayer custom-  
4 arily sold such books in arm’s length  
5 transactions within 7 years preceding  
6 the contribution of such a book.

7 “(vii) TERMINATION.—This subpara-  
8 graph shall not apply to contributions  
9 made after December 31, 2007.”.

10 (b) EFFECTIVE DATE.—The amendment made by  
11 this section shall apply to contributions made after De-  
12 cember 31, 2005.

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